



VERDE POTASH PLC
ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2014

March 30, 2015

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FORWARD-LOOKING INFORMATION

Certain statements contained in this annual information form (“AIF”) contain forward-looking information about Verde Potash PLC (“**Verde Potash**”, “**Verde**” or the “**Company**”). Forward-looking information can often be identified by the use of forward-looking terminology such as “anticipate”, “believe”, “continue”, “estimate”, “expect”, “goal”, “intend”, “may”, “plan” or “will” or the negative thereof or variations thereon or similar terminology.

Forward-looking information in this AIF includes, but is not limited to:

- the Pre-Feasibility study (“**PFS**”) on the production of ThermoPotash (“**TK**”) at the Company’s Cerrado Verde Project (defined herein), including forecasts of total resource tonnage, average grade of potash (“**K₂O**”) in the glauconitic meta-argillite material (a potassium (“**K**”) silicate rock - defined herein), production, capital and operating cost estimates, net present value, internal rate of return and payback period (the “**TK PFS**”);
- the Company’s plans for the exploration and development of, and production from the Cerrado Verde Project and, its other mineral properties;
- the Company’s environmental license for its TK greenfield plant;
- the suitability of the Company’s products, TK and granular potassium chloride (“**KCl**”), for its intended commercial use and Brazil’s domestic fertilizer needs;
- the prospects of the Company’s exploration properties; and
- the completion of a Bankable Feasibility Study (“**BFS**”) on the Cerrado Verde Project.

Forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Although the Company believes that its expectations reflected in the forward-looking information are reasonable, such information involves known or unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or the Company’s projects in Brazil to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, but are not limited to:

- general business, economic, competitive, political and social uncertainties;
- the actual results from current or future exploration activities;
- dependence on a new pyrometallurgical process to produce TK and KCl;
- conclusions of economic evaluations;
- unexpected increases in capital or operating costs;
- changes in equity markets, inflation and changes in foreign currency exchange rates;
- changes in project parameters as plans continue to be refined;
- changes in labour costs;

- expected sales price of TK;
- expected market potential for TK;
- possible variations of mineral grade or recovery rates;
- accidents, labour disputes and other risks of the mining industry;
- political risks arising from operating in Brazil;
- delays in obtaining governmental consents, permits, licenses and registrations, approvals or financing; and
- those factors discussed in the sections entitled “Risk Factors” in this AIF.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

The Company has made several assumptions that it believes appropriate, and these include but are not limited to:

- the TK PFS capital and operating estimates will be achieved if development is undertaken;
- the expected sales price of TK;
- production of a premium TK fertilizer product;
- a 31 year mine life for Phase 1, 1,000 tonnes per day (“tpd”) of TK;
- inferred mineral resources indicated mineral resources will be upgraded to measured mineral resources or mineral reserves;
- necessary licenses and permits will be obtained when and as required;
- foreign exchange rates will remain favourable; and
- the Company will be able to secure financing on reasonable terms for required capital.

There can be no assurance that forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in or implied by such forward-looking information. Readers are cautioned not to place undue reliance on forward-looking information, which speak only as of the date the statements were made, and readers are also advised to consider such forward-looking information while considering the risk factors set forth herein under the heading “*Risk Factors*”. The Company does not intend to update or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors, which affect this information, except where required by law.

CURRENCY AND EXCHANGE RATE INFORMATION

References to “U.S. dollars” and “US\$” in this AIF are to U.S. dollars, references to “Canadian dollars” and “C\$” in this AIF are to Canadian dollars, references to “Brazilian reais”, “R\$” and “BR” are to

Brazilian reais and references to “Pounds Sterling” and “£” are to U.K. Pounds Sterling. The Company’s cash resources are held in Canadian dollars and Brazilian reais. Potash is sold throughout the world primarily in U.S. dollars.

The closing, high, low and average exchange rates for Brazilian reais (based on the noon rates) expressed in Canadian dollars for the year ended December 31, 2014, as reported by the Bank of Canada, were as follows:

Brazilian Reais	(\$)
Closing.....	0.4365
High	0.4979
Low	0.4256
Average.....	0.4704

As of March 30, 2015, the exchange rate for one Brazilian reais expressed in Canadian dollars, based upon the noon rate provided by the Bank of Canada was \$0.3903.

The closing, high, low and average exchange rates for U.S. dollars (based on the noon rates) expressed in Canadian dollars for the year ended December 31, 2014, as reported by the Bank of Canada, were as follows:

U.S. Dollars	(\$)
Closing.....	0.3763
High	0.4559
Low	0.3661
Average.....	0.4261

As of March 30, 2015 the exchange rate for one US\$ expressed in Canadian dollars, based upon the noon rates provided by the Bank of Canada was \$1.2689.

CORPORATE STRUCTURE

Name, Address and Incorporation

Verde Potash was incorporated in England on August 14, 2006 as “Amazon Mining Holding PLC” under the U.K. Companies Act 1985, which was replaced by the U.K. Companies Act 2006 (the “**U.K. Companies Act**”). The initial authorized share capital of the Company was £50,000,000 divided into 500,000,000 ordinary shares of the Company (“**Ordinary Shares**”) of £0.10 each. On August 14, 2006, the authorized share capital, issued and unissued, was subdivided into 1,000,000,000 Ordinary Shares of £0.05 each. On May 17, 2007, the Company consolidated its authorized share capital of 1,000,000,000 Ordinary Shares of £0.05 each into 200,000,000 Ordinary Shares of £0.25 each and increased its authorized share capital by the creation of an additional 300,000,000 Ordinary Shares of £0.25 each. Effective on April 12, 2011, the Company redenominated its share capital into Canadian dollars. At its

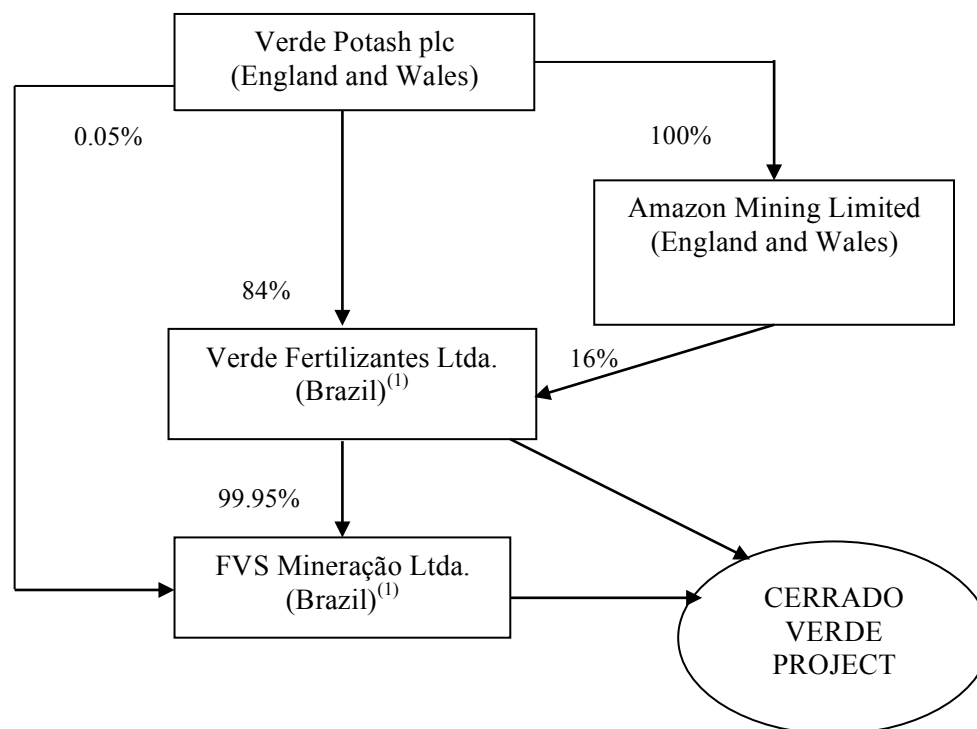
annual general meeting held on June 5, 2013, the shareholders of the Company authorized the board of directors of the Company (the “**Board of Directors**”) to allot shares up to a maximum aggregate nominal amount of \$195,900,000, which represents up to 500,000,000 Ordinary Shares at \$0.3918 each, for a period of five years.

The registered office of the Company is located at Salatin House, 19 Cedar Road, Sutton, Surrey, SM2 5DA, U.K. The Company’s head office is in Brazil and is located at Rua Antônio de Albuquerque, 156, 16º andar, Savassi, Belo Horizonte, Minas Gerais State, 30112-010.

The Ordinary Shares began trading on the TSX Venture Exchange (the “**TSXV**”) on November 21, 2007. The Company received approval from the Toronto Stock Exchange (“**TSX**”) to graduate from the TSXV and list its Ordinary Shares on the TSX. The Ordinary Shares began trading on the TSX on April 11, 2012 and currently trade under the symbol “**NPK**”.

Inter-corporate Relationships

The following diagram sets out the relationship between the Company, its material subsidiaries and the Company’s material mineral project.



Notes:

- (1) Verde Fertilizantes Ltda. (“**Verde Fertilizantes**”) and FVS Mineração Ltda. (“**FVS**”) together own 100% of the Cerrado Verde Project.
- (2) *Other subsidiaries:* FVS holds a 75% interest in Terra Branca Diamantes e Mineração Ltda., a Brazilian company. In 2014, Verde Potash dissolved Uaua Pesquisa Mineral Ltda., which was 100% held by Verde Potash plc (“**Verde Potash**”).
- (3) *Other projects:* Verde Potash also owns a Limestone Project (Moema and Jaguará limestone deposits), which is not considered material at this time. This project is located in Brazil and is held by Verde Potash’s subsidiary, Verde Fertilizantes.

GENERAL DEVELOPMENT AND DESCRIPTION OF THE BUSINESS

General

Verde Potash is a mineral exploration and development company with properties in Brazil. The Company is currently focused on the development of the Cerrado Verde Potash Project (“**Cerrado Verde Project**” or the “**Project**”). The Project is a source of K₂O rich rock, a glauconitic meta-argillite, from which Verde plans to produce a new fertilizer product, TK, as well as a conventional fertilizer, KCl. The Company does not currently have any revenues.

Three Year History

2012

On January 10, 2012, the Company released details of an updated National Instrument 43-101 (“**NI 43-101**”) compliant mineral resource estimate for the Cerrado Verde Project, which has a strike length exceeding 100km, comprising an Indicated Mineral Resource Estimate of 74 million tonnes with an average grade of 9.22% K₂O and an Inferred Mineral Resource Estimate of 2.68 billion tonnes with an average grade of 8.88% K₂O (applying a 7.5% K₂O cut-off). This resource estimate included Targets 1 to 7, 10 to 14, 16 and 17. The Funchal Norte Target is referred to as Target 8 but is included with Target 7.

On January 31, 2012, the Company announced the results of a KCl Preliminary Economic Assessment (“**PEA**”), as a result of which the Company decided to postpone the development of TK and focus on the production of KCl. For a brief discussion of products and processes see “*Product Development*” below and “*Mineral Processing and Metallurgical Testing*”.

On February 28, 2012, the Company filed a technical report titled “*NI 43-101 Preliminary Economic Assessment, Cerrado Verde Potash Project, Minas Gerais, Brazil*” dated February 28, 2012 (the “**2012 Technical Report**”) which was authored by Neal Rigby, Rob Bowell, Terry Braun and Joanna Poeck of SRK and Volodymyr Myadzel of BNA and was prepared in accordance with the requirements of NI 43-101. The 2012 Technical Report reported a slightly improved resource estimate compared to that previously reported in the news release dated January 10, 2012: an Indicated Mineral Resource Estimate of 71 million tonnes with an average grade of 9.22% K₂O and an Inferred Mineral Resource Estimate of 2.76 billion tonnes with an average grade of 8.91% K₂O (applying a 7.5% K₂O cut-off). The Company’s current mineral resource estimate is set out below in Table 13 titled “*Measured, Indicated and Inferred Mineral Resource Grade Tonnage Report*” under the heading “*Mineral Resources*”. Optimizations contained in the 2012 Technical Report provided improved results compared to those announced on January 31, 2012. The key modifications were the reduction in time between production phases to two years, achievement of slightly better recoveries, use of contract mining for Phase 1 of production, reduction in the capital expenditures and the study of an upside production scenario of 4 million tonnes per year.

On March 23, 2012 the Company completed a bought deal public offering of 4,457,364 Ordinary Shares for gross proceeds of approximately \$28,750,000 at a price of \$6.45 per share. The underwriters for the offering were GMP Securities L.P. and Mackie Research Capital Corporation.

On August 28, 2012, the Company submitted the Environmental Impact Assessment (“**EIA**”) report for the KCl project to the state environmental agency (“**SUPRAM**”).

On October 15, 2012 the Company announced the completion of its 2012 infill drilling campaign on the Cerrado Verde Project. A total of 15,080 metres in 252 reverse circulation (“**RC**”) holes and 785 metres in 12 diamond core (“**DC**”) holes has been performed at a spacing ranging from 200 by 200 metres to 100

by 100 metres. This concluded drilling on the Cerrado Verde Project for the purpose of completing a feasibility study.

2013

On May 13, 2013, the Company announced that it has processed a total of more than 120 tonnes of potassium silicate rock feedstock between its own pilot plant in Belo Horizonte, Brazil, and FLSmidth Inc.'s ("**FLSmidth**") facility in Allentown, PA. The Company and its third party engineers have agreed on all key operating parameters for the potassium silicate to KCl process including kiln residence time, process temperature and the specific mix of potassium silicate and reagents. In a subsequent announcement on August 16, 2013, Verde clarified that FLSmidth has offered to provide performance guarantees on kilns that can process 3,000 tonnes per day ("**tpd**") for the Company's potassium silicate to KCl process, instead of 12,000 tpd, that would be commensurate with uncertainties and risks that are inherent in a first-time scale-up from a laboratory pilot unit. To receive similar guarantees on a 12,000 tpd kiln and to mitigate both ramp-up and scale-up risks, the Company expects to run an intermediate scale plant.

Veolia Water Solutions & Technologies ("**Veolia**"), a leading supplier of evaporation and crystallization technologies, completed all necessary testing and is ready to supply evaporation and crystallization equipment at any scale Verde desires for its commercial plant.

On August 21, 2013, the Company announced its strategic plan to advance the Cerrado Verde Project. This strategy replaced the previous plan to proceed directly towards the implementation of a capital intensive, larger scale, production facility. Verde's plan is premised on the technical practicality of the project's staged scale-up in order to reduce risk and to accelerate cash flow generation from its large potash resource in Brazil. The strategy will comprise two phases. In Phase 1 the Company intends to build a Flex Plant with a capacity of approximately 1,000 tpd for the production of TK. The Flex Plant will also be operated to process KCl in order to further develop scale-up and commercialization of the process and with the intent of securing performance guarantees on a 12,000 tpd kiln for KCl production. Developed in parallel with Phase 1, Phase 2, economics for which are not included in the current PFS, will focus on large scale KCl production. This two-phased strategy expects to reduce up front capex by initially establishing the less capital intensive TK product. Verde is presently identifying all viable opportunities to fast track production of TK. One such opportunity is to buy or lease a pyrometallurgical plant and convert it into one for TK production. This is being pursued concurrently with greenfield project development.

On June 24, 2013, the Brazilian Ministry of Agriculture ("**MAPA**") approved TK for use as a potash fertilizer. The product is therefore eligible for sale in Brazil. Over the past seven years the Company and a number of research partners have conducted 42 lab tests and 47 field tests with 15 different crops on more than 50 ha (500,000m²). The results of these tests have demonstrated the product's efficacy as a source of potassium, silicon, calcium and magnesium, as well as its ability to address the acidity of Brazilian soils.

In September 2013, the Company received positive results from a 30 month field test of TK with coffee crops. The trial indicated that TK was more efficient in the delivery of potassium than KCl, generating an equivalent coffee yield while using 36% of the potash that was applied to the KCl test plots. The test was conducted by Verde in conjunction with Empresa de Pesquisa Agropecuária de Minas Gerais ("**EPAMIG**"), the agricultural research service of the government of Minas Gerais State.

On September 23, 2013, the Company was selected by Inova Agro, a special financing program of the Brazilian government, to advance to the next round of evaluation in the process to secure financing for Phase 1 of the Cerrado Verde Project. Inova Agro is a Brazilian government program intended to fund innovative projects in the agriculture sector, including those focused on fertilizers.

On November 25, 2013, the Company announced that IBD Certifications, the largest certifier in Latin America and Brazil, approved TK for use on organic crops. KCl is not certified for use on organic crops and is therefore not an option for organic farmers. Organic crops sell for a premium price, which leads organic farmers to devote significant resources to accredited crop inputs that drive higher yields. In 2012, the market for Brazilian organic products was valued at approximately R\$750 million (US\$385 million), according to Instituto de Promocao do Desenvolvimento ("**IPD**"). IPD predicts sales growth for this market of 20-25% per year over the next five years, with 2014 sales of R\$1 billion (US\$440 million). Principal organic crops in Brazil include sugar, palm oil, fruits and juices. The certification allows the Company to offer TK to the growing number of organic crop producers in Brazil. Organic farms produce a premium product, and are therefore willing and able to pay a higher price for crop inputs. TK can offer organic farmers an attractive value proposition from a local Brazilian supplier.

2014

On January 14, 2014, Mr. Alysson Paulinelli was appointed to the Board of Directors. Mr. Paulinelli is the President of the Brazilian Association of Corn Producers and has devoted his career to the agricultural sector and government. He has held positions such as the Brazilian Minister of Agriculture, President of the National Confederation of Agriculture, Congressman, Secretary of Agriculture for Minas Gerais State, and Professor and Dean of Lavras University.

On February 18, 2014, Inova Agro selected the Company to obtain financing for its Cerrado Verde Project. In 2013, the Company submitted its business plan for the development of Cerrado Verde, at an estimated total of R\$ 280 million (approximately US\$ 115 million at the time), of which R\$ 250 million (approximately US\$ 105 million at the time) was asked from Inova Agro. The Company's business plan for the development of the Cerrado Verde Project consists of building a greenfield 1,000 tpd plant capable of producing TK and also of seeking performance guarantees for a large-scale KCl kiln. Inova Agro approved the Company's business plan that requested funding for approximately 90% of the business plan, which includes investments in market development, pre-construction costs and working capital post commissioning for six months.

On March 20, 2014, the Company announced the results and completion of drilling at the Cerrado Verde Project. Cerrado Verde now has a NI 43-101 Measured and Indicated Mineral Resource Estimate of 1.47 billion tonnes at a grade of 9.2% K₂O. In addition, the revised Inferred Mineral Resource Estimate is 1.85 billion tonnes at a K₂O grade of 8.6%. Over 1.4 billion tonnes of resource has been upgraded from the inferred to the measured and indicated categories.

The new mineral resource estimate comprises a Measured Mineral Resource of 83 million tonnes with an average grade of 10.1% K₂O, an Indicated Mineral Resource of 1.39 billion tonnes with an average grade of 9.2% K₂O and an Inferred Mineral Resource of 1.85 billion tonnes with an average grade of 8.6% K₂O (all applying a 7.5% K₂O cut-off).

The new mineral resource was estimated from data collected from a total of 41,021m of RC drilling from 710 drill holes with a collar spacing ranging from 100m x 100m (measured resource) to 400m x 400m (inferred resource) and an additional 1,717m of DC from 25 drill holes. The final drilling program consisted of 15,080m of drilling from 252 RC drill holes and an additional 785m from 12 DC drill holes.

Given the Company's focus on expediting cash flow with the lowest capex possible, Verde is focusing its regulatory efforts on securing an environmental license for TK. Consequently, the Company is not spending additional resources on securing an environmental license for KCl production until TK production commences. Thus, the Company has terminated the licensing process for KCl.

For the environmental license, TK's mine pit occupies 32ha vs. 2,000ha in the case of KCl. Given TK's smaller footprint and minimal environmental impact, the project is classified by Brazilian environmental authorities as Class III, which allows the Company to apply for the LP (preliminary permit) and the LI (construction permit) simultaneously. The KCl project is classified as Class V, which does not allow for the same treatment. The Company's work on securing an environmental license for TK is ongoing.

On March 31, 2014, the Company announced the results of a Pre-Feasibility Study ("PFS") for the production of TK. The TK PFS was prepared by AMEC plc ("AMEC"), Andes Mining Services Ltd. ("AMS") and NCL Ingeniería y Construcción SpA ("NCL") on Verde's Cerrado Verde Project located in Minas Gerais State, Brazil. The PFS evaluated the technical and financial aspects of a plant to produce 1,000 tpd of TK. The same plant will be operated to process KCl in order to obtain the necessary performance guarantees for an eventual dedicated KCl plant. The PFS assumed open pit mining and a pyrometallurgical process for the production of TK.

Verde took a conservative approach to the PFS, limiting the production rate to 330,000 tonnes per year ("tpy") of TK. The mineral reserve estimate for the TK Project has been prepared by NCL based on resources determined by AMS. Because of Cerrado Verde's vast mineral resource, only a necessary fraction of its total mineral potential was established as proven and probable reserves, for a total of 7,020 kt at 10.8% K₂O, which is enough for a projected mine life of 31 years.

The PFS estimated a project capital cost of US\$113.6 million, a net present value ("NPV") of US\$145.7 million, based on an average sales price for TK of US\$187.74, and an internal rate of return ("IRR") of approximately 23.5%. A total estimated operating cost of US\$55.29 per tonne of TK includes production, work force, and variable costs of US\$47.12 per tonne plus estimated administrative, marketing and other costs of US\$8.18 per tonne. For a full discussion on the technical and financial aspects of the PFS as well as its assumptions, a copy of the technical report titled *"Pre-Feasibility Study, Cerrado Verde ThermoPotash Project, Minas Gerais State, Brazil"* ("**2013 Technical Report**"), dated March 31, 2014, is available on SEDAR.

On April 22, 2014, the Company announced receipt of an email from Inova Agro's Evaluation Committee informing that Inova Agro has appointed the Brazilian Development Bank ("BNDES"), a branch of the Brazilian government that operates Inova Agro, to handle the financing structure for Verde's business plan. Subsequently, BNDES briefed Verde on the following lines of credit available to the Company: (1) the "BNDES Finem Inovação", the bank's main line of credit that supports innovative investments; (2) the "BNDES PSI – Projetos Transformadores", a special line of credit for innovative projects that can also generate significant gains across the production chain; and (3) the "BNDES Proengenharia", a credit line suitable for engineering investments and studies. Verde's project fulfills the requirements for BNDES' lowest cost-of-capital line of credit, the "BNDES PSI - Projetos Transformadores". This latter line of credit has an annual interest rate of 4% with a 12-year payback period (including a 2-year grace period). The annual interest rates for BNDES' other two lines of credit are approximately 8% and 10%, respectively (1) and (3) above. Brazil's benchmark interest rate is currently 11%. In order to access these funds, Verde is working to secure an environmental license.

On April 30, 2014, the Company announced the results of a two-year-long independent trial on sugarcane, demonstrating TK's superiority over KCl. The Federal University of Uberlândia ("UFU") conducted the field trials over a growing cycle of two years (2011/2012 and 2012/2013 harvests) at Cia Energética Vale do São Simão, a large sugar mill and ethanol producer located in Minas Gerais State. In the first growing cycle, 50kg of K₂O was applied using TK. These tests confirmed that farmers can reduce the dosage of fertilizer applied when using TK and still increase crop yields.

In August 2014, the Company signed a 30-year lease agreement with landowners for the area where the mine will be located. The Company now controls the land where the mine and its required infrastructure are to be constructed, as well as the area that hosts the mineral resource for its proposed greenfield plant.

On October 6, 2014, the Company announced that Brazil's National Council for Scientific and Technological Development ("CNPq", *Conselho Nacional de Desenvolvimento Científico e Tecnológico*) awarded Dr. Gaspar Korndörfer, Professor at UFU, a research grant of R\$513,693.90 (around C\$236,000 at the time) to fund a research program to further demonstrate the full range of agronomic applications of TK. Subsequent to the receipt of the funds, the Company was reimbursed for the costs to process its potassium silicate rock into the fertilizer TK for UFU's experiments. The funds allow the Company to provide UFU with the necessary TK tonnage to carry out the agronomic research program.

On October 29, 2014, the Company announced its approval for a financing program entitled PAISS Agrícola, jointly managed by BNDES and the Financing Agency for Studies and Projects ("FINEP"). Specifically for the production of sugarcane, PAISS Agrícola supports technological innovation in the sugar-based energy and chemical sectors. Verde's application to the program was predicated on optimizing sugarcane growers' production process by using TK as part of its nutrient management practices. The total budget approved was for R\$57.5M (around C\$25.6M at the time), to be sourced by a BNDES credit line, at a government-subsidized interest rate. Receipt of the funds is conditional upon BNDES' comprehensive review of the project, including a risk and market analysis. Such a review is done on a program-by-program basis. The Company intends to draw down on the funds over the next three years. Initially, Verde intends to ask for R\$1M (around C\$450K at the time) to pay for the production of TK for a major field trial to be implemented with a selected partner.

In November 2014, Lima & Zanette, a Brazilian engineering and consulting firm, completed the mine engineering work (mechanical, electrical and civil).

Subsequent Events

Engineering studies, developed by IC Ambiental, were concluded in January 2015. The work delineated some improvements required on secondary roads accessing the mine site, for which an environmental impact study is required. The Company expects the study to be completed in April 2015.

The hydrogeological study, initiated in August 2014 by MDGEO - Serviços de Hidrogeologia Ltda, a Brazilian consulting firm, was completed in February 2015. This study was required to identify and measure the mine's impact on groundwater during the dry and wet season. The Company initially expected completion of the study in Q4 of 2014, however, due to Brazil's current water shortage crisis, the study could only be finalized in February 2015. Normally the wet season starts in November and continues until March. The wet season only began at the end of December 2014, delaying the Company's ability to measure the water level.

In September 2014, Verde filed a request with The Institute of Historical and Artistic Heritage (IPHAN)¹, to obtain permission to commence an archaeological study to identify if the deposit and surrounding areas contain any archaeological material. IPHAN is a federal agency under the Ministry of Culture, responsible for preserving the different elements that make up the Brazilian society. Archaeological work is a standard requirement to obtain an environmental license, but cannot be carried out without first obtaining IPHAN's approval. The Company only received approval in January 2015. Verde believes the delay between the time the application was filed and the time it was approved was due to the change in government as a result of the 2014 election. As soon as Verde received approval, its team initiated work early February 2015 and expects the study to be completed by the end of March 2015.

¹ Instituto do Patrimônio Histórico e Artístico Nacional

Employees

The Company currently has 8 employees.

Competitive Conditions

See “*Risk Factors – Competition*” for a discussion of the Company’s competitive conditions.

Foreign Operations

The Cerrado Verde Project is located in Brazil and the material operating subsidiary for the Project is Verde Fertilizantes, a Brazilian corporation.

Product Development

TK

Production of TK is a new innovative process; it involves mixing and grinding the glauconitic meta-argillite material with limestone in a predetermined proportion.

The raw mix is then calcined, under controlled burning conditions with close monitoring on the temperature profile, to form the TK product. During the burning process, high temperature reactions occur among solid phases and transform the complex silicates in the K-bearing silicates into more soluble K that can be released into the soil. The "calcine" obtained after heating is the TK product, which is then cooled and coarsely ground and is then ready for sale.

KCl

Process route developments for KCl production started in Cambridge University in early 2011, where the fundamental concept of the process route was developed. The initial laboratory scale studies carried out at Cambridge were later scaled-up at Hazen Research Inc. (mid 2011), aiming to achieve a high recovery of KCl. The degree of reaction, calcination and recovery of KCl in the calcine, was done by standard leaching procedures using samples from the calcinations.

During late 2011 and early 2012, GEA Messo, a German company specializing in evaporation/crystallization, was contracted to carry out tests with this calcine in order to design a conceptual process route to recover KCl grade fertilizer.

From these initial studies, Verde filed a patent application (GB1118622.8) for the production of KCl from potassium silicates ore.

CERRADO VERDE PROJECT

General

AMEC, NCL, and AMS prepared the PFS for the production of TK from the Cerrado Verde Project, located in Minas Gerais State, Brazil.

TK is a controlled-release, non-chloride, multi-nutrient fertilizer that is ideally suited for Brazilian soils. It is a new product that is expected to compete with other premium, multi-nutrient, and non-chloride fertilizers currently in the Brazilian market. TK delivers potassium without the negative effects of chlorine, while the limestone content mitigates the high acidity of Brazil's soils.

Besides TK, the Company can also produce KCl using the glauconitic meta-argillite. In addition to the production of TK, which is the focus of the PFS, Verde is assessing a large and long term KCl project for the Cerrado Verde region. Verde plans to utilise the TK project to assist in the development and commissioning of the KCl project. Although the KCl work has been put on hold, developments of KCl are included in this AIF.

The current PFS has been prepared under the guidelines of National Instrument 43-101 and accompanying documents *Form 43-101.F1 Technical Report and Companion Policy 43-101.CP*. This PFS follows the PEA completed by SRK on February 28, 2012.

The Company's only material mineral property for purposes of NI 43-101 is the Cerrado Verde Project.

The following information is derived from the 2013 Technical Report, which is incorporated by reference into this AIF, however, certain updates have been made by employees of the Company and have been approved by Bradley Ackroyd of AMS, Carlos Guzman of NCL and Wilson Chow of AMEC, each of whom is a qualified person as defined in NI 43-101. A complete copy of the 2013 Technical Report, portions of which are quoted verbatim or paraphrased herein, is available for inspection upon request from the Company's head office, as well as under the Company's profile on SEDAR. Please refer to the 2013 Technical Report for a more extensive discussion of the matters summarized here.

Project Description and Location

Project Location

The Cerrado Verde Project is located in the western Alto Paranaíba region of Minas Gerais State, Brazil (Figure 1), and approximately 39 km east from the city of São Gotardo. São Gotardo is located approximately 320km west from Belo Horizonte (state capital of Minas Gerais) via a good quality paved road (BR-262) (Figure 1). From São Gotardo, the project area is accessed via a number of secondary gravel roads, which connect the farming region.

The permit boundaries are defined by UTM coordinates with WGS84 datum (Zone 23S). Coordinates for a central point within the Cerrado Verde permits are: 7,856,531 N and 394,525 E.

The Cerrado Verde Project area comprises a total of 30 granted exploration permits covering an aggregate area of 52,274ha and an additional 4 areas under application for exploration permit covering 5,094ha, as shown above in Figure 1.

Permits are granted by the DNPM for a period of three years and are renewable for an additional three years. Prior to the expiry date of the exploration permit, the holder must prepare and submit a final exploration report. DNPM has approved the technical report for mineral tenements that include the entirety of the Cerrado Verde mine pit. The approval of the exploration report allows the Company to submit an Economic Development Plan (Plano de Aproveitamento Econômico – (“PAE”). Verde has filed the PAE and the application for a mining permit (Requerimento de Lavra) for 6 mineral tenements, totalling an area of 9,640ha.

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Location of Mineralization

The mineralized zones of the Cerrado Verde Project are located within glauconitic meta-argillite metasiltstone of the Serra da Saudade Formation, Bambuí Group. The known mineralization is located in the permits owned by Verde.

Agreements and Encumbrances

Verde Potash holds the permits through subsidiary companies Verde Fertilizantes Ltda (“**Verde Fertilizantes**”) and FVS Mineração Ltda.

On March 30, 2012, the Company prepared and signed a contract for the full transfer of the mining rights related to the exploration permit number 830.383/2008 between Mr. Valdir Dimas and Verde Fertilizantes Ltda. Besides the transfer of mining rights, the contract established Verde's right of first preference to acquire the farm within 5 years after the contractual signing. A payment was made in the amount of R\$50,000 and a royalty of US\$0.03 per tonne of ore mined will be due if a mine is operated in this area.

Verde Fertilizantes entered into a discovery contract (the “**Cerrado Verde Project Discovery Contract**”) dated September 29, 2008 (with a retroactive term for July 26, 2008) with geologist Mr. Ysao Munemassa pursuant to which Mr. Munemassa performed, at Verde's expense, preliminary geological surveys and research studies on the Cerrado Verde Project.

The Cerrado Verde Project Discovery Contract was subsequently amended on July 27, 2010 to provide that Verde shall pay to Mr. Munemassa: (a) 100,000 stock options one year after the application for exploration permits for the Cerrado Verde Project area are filed with DNPM; (b) US\$500,000 upon approval of a BFS; and (c) a 3% royalty on the net result of production. Verde has the right to purchase the royalties due to Mr. Munemassa at a cost of US\$1,000,000 for each 1% of the protected right of royalty to Mr. Munemassa.

Taxes and Royalties

In Brazil, DNPM monitors exploration, mining, and mineral processing. This regulatory body also administers mineral exploration permits and mining concessions. Mineral exploration permits are issued by DNPM and mining concessions by the Ministry of Mines and Energy.

Exploration permits are granted for a maximum period of three years. As a prerequisite, the applicant must provide all requirements and evidence that the area of interest does not overlap with an existing permit. There is an annual fee of R\$2.61 per hectare during the initial period. It is possible to request an extension, in which case this annual permit tax (TAH) will increase to R\$3.95 during the extension period. The annual permit tax should be paid to the Brazilian government up to the delivery of the final exploration report or while the concession is valid. Exploration permits can be extended for a second period no longer than three years. DNPM has discretion of whether to grant the requested renewal.

A mining concession carries a royalty payment obligation to the federal government, the Financial Compensation for the Exploitation of Mineral Resources (CFEM), which is established at 3% of the net sales price of the mineral product.

Environmental Liabilities and Permitting

The authors of the 2013 Technical Report are unaware of any environmental liabilities to which the Cerrado Verde Project is subject.

Environmental regulations and general environmental rules and obligations in Brazil are relatively similar to those applicable in Canada. The Brazilian environmental policy is the responsibility of the Ministry of the Environment and is executed at three levels: federal, state, and municipal. Verde intends to file an EIA and associated documentation required to advance the project from exploration to the exploitation phase.

Verde has acquired all the appropriate landowner and exploration permits to undertake drilling across permits of interest. No additional permits have been granted. The authors of the 2013 Technical Report are unaware of any other factors risking the development of the project.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to Property

The project can be accessed by air from Rio de Janeiro, São Paulo, Brasília and other cities to Patos de Minas, from there overland to São Gotardo (approximately 126km) via good quality paved roads (BR-354 and BR-352). From Belo Horizonte, the project site is accessed by 320km through BR-352. From the town of Matutina the project area is accessed by a number of secondary gravel roads that traverse the farming region.

The unpaved roads are in reasonable condition although some sections require improvement.

Climate and Length of Operating Season

The climate of the region is classified, according to the Brazilian Geography and Statistics Institute (IBGE) (2002), as half-humid warm tropical, with an average annual temperature of 22°C. Annual rainfall in the area ranges between 1,300 mm and 1,800 mm, 84% of which falls during the rainy season, between October and March, with the highest rainfall between December and January. Exploration and mining operations can be conducted throughout the year without interruption.

Local Resources and Infrastructure

São Gotardo is the closest town, located 39 km west from the project site, with a significant population to provide manpower for a potential mining operation, having a population of around 32,000. São Gotardo also has good infrastructure, with domestic power and telephone service available. Also, the project is very close to Patos de Minas (129km away), the main city in the Alto Paranaíba area, which has a strong economic, cultural, educational and social environment.

Belo Horizonte, located about 320km from the project site, is the capital and also the largest city in the state of Minas Gerais, with a population of more than 4 million. It is the major centre of Brazil's mining industry, with infrastructure for mining equipment and services available. There is a large commercial airport with domestic and international flights. Several state and federal government agencies are based there, in addition to private businesses that provide services to the mining industry. Skilled labour is readily available in Belo Horizonte as well as in the towns near the Project.

Surface Rights

According to Brazilian law, surface rights are separate from mining rights. Therefore, the landowner has no title to the minerals contained in the soil or in the sub-soil, which are deemed a property of the federal government. The federal government can grant to private companies or individuals the right to exploration and mining of sub surface minerals.

Private companies or individual holders of an exploration permit are supposed to enter into an agreement with the landowner, allowing them access to the area in order to conduct exploration activities. In case an agreement is not reached, Brazilian Mining Code establishes a judicial procedure by means of which the mining company or individual secures access to the area by paying to the landowner compensation for damages to his or her property and loss of income due to exploration.

Verde has agreements in place with relevant landowners, which allows them to undertake exploration in the area.

Private companies or individuals holding a mining permit are entitled to access to the area necessary for the mine infrastructure. Such surface rights are obtained by agreement with the landowner, providing for compensation for the price of the land and additional losses caused by the occupation of such land. In case such agreement is not reached, surface rights are granted by the local Court based upon precedent payments by the mining company or individual according to the amount judicially determined for such compensation.

In addition to compensation for damages, the landowner is entitled to a royalty equal to 50% of the Financial Compensation for the Exploitation of Mineral Resources (“CFEM”). A mining concession carries a royalty payment obligation to the federal government. The CFEM has been established at 3% of the net sale price of the ore.

Verde has a 30-year lease agreement with landowners for the area where the mine will be located. The Company controls the land where the mine and its required infrastructure are to be constructed, as well as the area that hosts the mineral resource for its proposed greenfield plant.

Physiography

Cerrado Verde Project is located within the hydrographic basin of Indaiá River, a tributary river on the left hand margin of the São Francisco River. According to Secretaria do Estado de Ciência e Tecnologia de Minas Gerais, the Indaiá River basin is part of the geomorphological unit known as São Francisco Plateau, where the edges of the hills and the crest points dip towards the NE with high structural controls.

The main drainages in the Cerrado Verde region are the rivers Indaiá, Abaeté, Borrachudo and its tributaries. These rivers have meandering channel style morphology with predominantly dendritic drainage patterns evident in areas where pelitic rocks dominate. To the north of the project is the Três Marias Dam which constitutes the main mouth / confluence point of the rivers in the region.

The main topographic feature across the Cerrado Verde region is the Serra da Saudade ridge. The landscape can be separated into three domains that may be correlated to typical South American surfaces:

- **Upper Surface:** Older stage of the group that has exposed the Areado Group Sandstones and Mata da Corda Group;
- **Intermediate Surface:** Refers to the second stage of the group after the dissection of the Upper Surface (triggered by the resumption of the erosive process). The average altitude of the intermediate surface is 750 to 850m ASL. The intermediate surface presents as an irregular surface which stretches along a N-S strike and is developed over the Serra da Saudade Formation represented by psammitic lithotypes; and
- **Basal Surface:** the youngest, bordering the São Francisco River, with elevation ranging from 570 to 630m. Exposure occurs in pelites of the Serra de Santa Helena and Serra da Saudade formations.

Topography, Elevation and Vegetation

The peneplain developed by the glauconitic meta-argillite unit, i.e., the ground over which the Areado Group was deposited, undulates between an altitude of 850m and 1,000m. Higher elevations of peneplain development are found in the more southern parts of the Serra da Saudade range. In the middle portion of the Serra da Saudade range (location of Cerrado Verde Project), the peneplain is placed between 880m and 920m. Therefore, it is reasonable to infer that all of the surface exposures of the glauconitic meta-argillite unit were the result of the Tertiary erosion cycles that stripped off the Mesozoic rocks (Mata da Corda and Areado groups).

The local vegetation consists of primitive savannah (cerrado) relicts, still preserved between subsistence plantations and familiar livestock.

History

Exploration History

The glauconitic meta-argillite occurrence has been known as a potential potash resource since the 1960's, although only regional mapping has been undertaken in the permits held by Verde over the years.

Verde does not have data with respect to past owners or any prior exploration work. Verde is not aware of any historic resource estimation work on the property. There has been no historical mining on the property. There is no data or information available on prior exploration or development previous to the current owner.

Resource Estimation History

Coffey Mining (March 2010)

Verde commenced drilling across the Cerrado Verde Project in late 2009. In March 2010, Coffey Mining Pty Ltd ("**Coffey Mining**") was commissioned by Verde to complete a mineral resource estimate.

The maiden mineral resource estimate was based upon 19 RC drill holes (997m), which targeted only a select portion of the regional glauconitic meta-argillite within the Verde permits. All holes were successful in intersecting the glauconitic meta-argillite.

Coffey Mining estimated a Mineral Resource for the Cerrado Verde Project with an effective date reported of February 27, 2010. All grade estimations were completed using Ordinary Kriging (OK) for K₂O. The estimation was constrained within the mineralization interpretations.

A total Inferred resource of 161Mt at 8.75% K₂O was determined (no cut-off grade applied).

Coffey Mining considered the permits to have the potential to host a very large tonnage potash resource within the glauconitic meta-argillite unit. This was demonstrated by the preliminary resource numbers generated from an initial drilling program, as well as regional mapping and grab sampling across the permit package.

Coffey Mining recommended that a Preliminary Economic Assessment ("**PEA**") be undertaken on the Cerrado Verde Project prior to undertaking any additional resource definition drilling.

SRK Consulting (December 2011)

In late December 2011, Verde commissioned SRK to prepare the PEA for the Cerrado Verde Project.

As part of the PEA, SRK reported an updated mineral resource estimate for the Cerrado Verde Project based on drilling completed throughout the 2010 and 2011 field seasons.

Geological / mineralized domains were constructed for a number of target areas across the project area. Resource estimation(s) of the glauconitic meta-argillite mineralization were carried out for the following target areas; Target 1, Target 2, Target 3, Target 4, Target 5, Target 6, Target 7, Target 10, Target 11, Target 12, Target 13, Target 14, Target 16 and Target 17. Resource estimation for each target area was performed using the K₂O values obtained from laboratory submitted samples collected from recently completed drill holes (2010 / 2011 field seasons).

A total Indicated resource of 71Mt at 9.22% K₂O was determined by SRK (7.5% K₂O cut-off grade applied) with an additional Inferred resource totalling 2,764Mt at 8.91% K₂O (7.5% K₂O cut-off grade applied).

Mining History

No historical mining of the glauconitic meta-argillite has been undertaken.

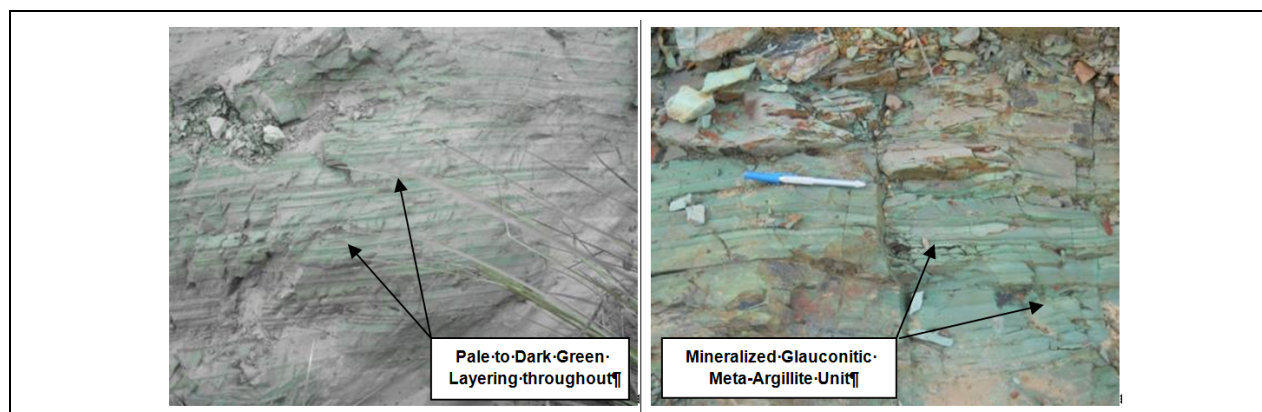
Geology and Mineralization

The Cerrado Verde Project region is mainly underlain by Neoproterozoic and Cretaceous rock units, which are partly covered by Cenozoic sandstones, lateritic sediments and soils.

The glauconitic meta-argillite's apparent thickness varies from approximately 20m in the southernmost domain to over 50m in the southern half of the Serra da Saudade and up to 80m in the northern half where it is covered by younger sediments in some locations. Verde has permits covering approximately 100km of strike of the glauconitic meta-argillite.

As can be seen by the greenish colour in Figure 2 below, the approximate K₂O content of the glauconitic meta-argillite ranges from 6% to 12%.

Figure 2: Mineralized Glauconitic Meta-Argillite Unit



Exploration and Drilling

Up until 2011, exploration work was focused on a number of glauconitic meta-argillite units across the Cerrado Verde permits, known as Target 1, Target 2, Target 3, Target 4, Target 5, Target 6, Target 7, Target 10, Target 11, Target 12, Target 13, Target 14, Target 16 and Target 17.

In 2012 exploration activities were concentrated on a select number of higher-grade K₂O targets. Four specific areas were chosen based on preliminary K₂O grades from exploration drilling: target areas 7, 10 and 12 selected, plus a new area located within exploration permit n° 830.383/2008, which was acquired by Verde from a third party. Geological mapping suggests these four target areas belong to a single glauconitic meta-argillite 'domain'. Subsequently, these 4 individual target areas were collectively grouped into a single target area known as Target 7.

A total of four drilling campaigns were completed across Verde's exploration permits. Verde drilled a total of 695 RC holes for a total of 40,225m and 25 DC holes for a total of 1,717m. Exploration drilling conducted throughout the 2012 field campaign focused entirely on testing K₂O mineralization within the Target 7 mineralized domain.

Mineral Processing and Metallurgical Testing

In 2008 Verde started research on the use of Cerrado Verde's potassium silicate rock to produce potash fertilizers. Verde undertook two different treatments of the glauconitic meta-argillite material for the production of two different types of K-fertilizers: TK and KCl.

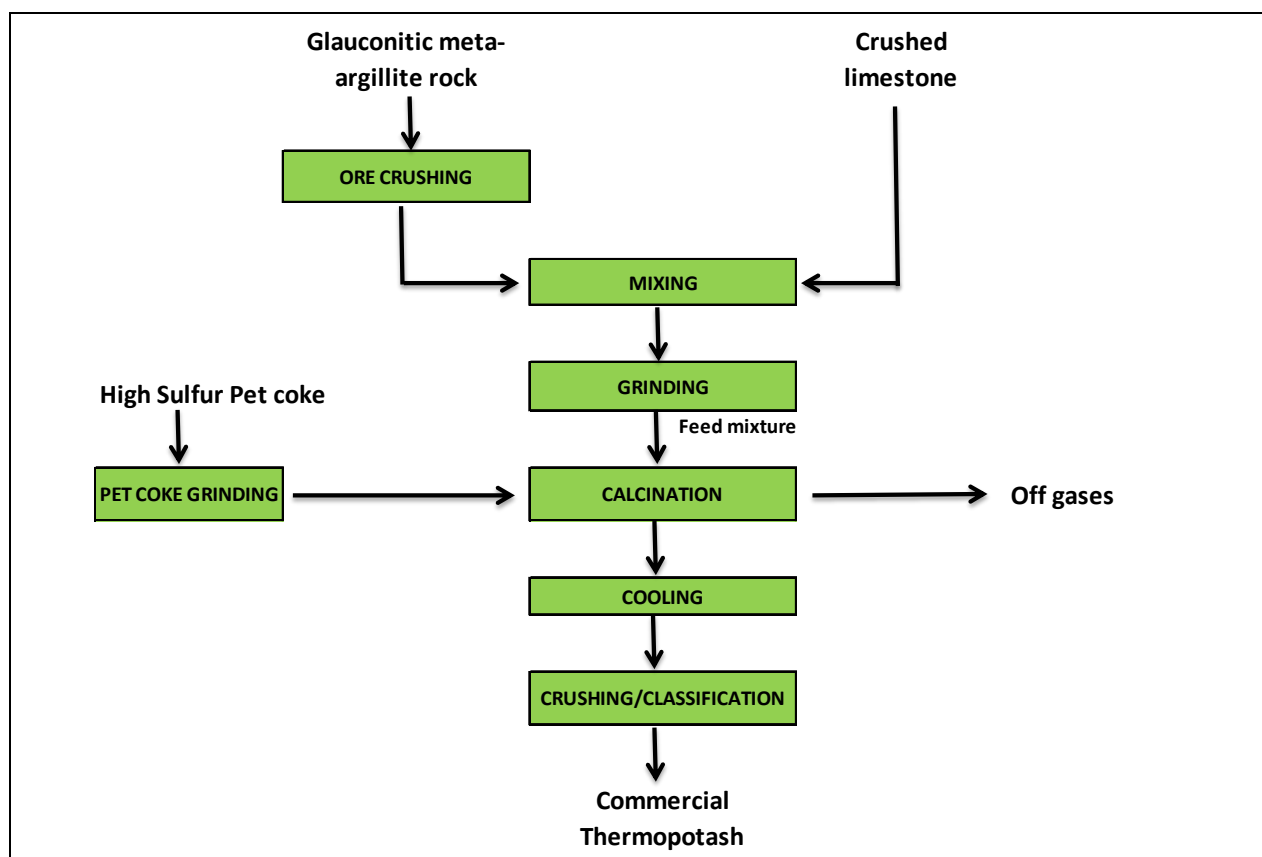
Production of TK is a new innovative process that involves mixing and grinding the glauconitic meta-argillite material with limestone in a predetermined proportion.

The raw mix is then calcined, under controlled burning conditions with close monitoring on the temperature profile, to form the TK product. During the burning process, high temperature reactions occur among solid phases and transform the complex silicates in the K-bearing silicates into more soluble K that can be released into the soil. The "calcine" obtained after heating is the TK product, which is then cooled and coarsely ground and is then ready for sale.

TK is a newly developed fertilizer product with a slow release potassium feature, containing 7% K₂O and is non-saline (chloride free). It is not soluble in water, but available to the crops under soil conditions. It is not leached out by rain and therefore has a residual effect from one harvest to the next.

TK testwork started at Verde's pilot plant in late 2008. The following flowsheet outlines the process.

Figure 3: Block Flow Diagram for Commercial TK Production



The results obtained from the test work indicate that by maintaining a controlled proportion of reagent and glauconitic meta-argillite rock in the feed mixture, the average recovery of K is 85%, with an achievable maximum value of 95%.

The pilot plant test work carried out at FLSmidth's facility provided an understanding of the process background and operation requirements for TK production in terms of the feed mixture, the calcination temperature profile, as well the material residence time in the kiln for optimum K recovery in the final product. In total, 90t of TK was produced from all continuous tests carried out in Verde's pilot plant rotary kiln and in FLSmidth's pilot plant kiln. Most of the TK produced was used for agronomical tests to verify its properties as a K-fertilizer.

In addition to the production of TK, another technological route was developed by Verde to produce the conventional KCl, with 60% K₂O. The KCl production will use the non-conventional raw material with a low K-bearing silicate rock, the glauconitic meta-argillite rock, which will be mixed with limestone and salt. The raw mix is ground and calcined under predetermined burning conditions. During the calcination process, high temperature reactions occur among solid phases with the formation of KCl in the product called "calcine". The calcine is then leached out with water and the KCl is recovered in solid form in crystallizers, ready for compaction and shipping. KCl is not the focus of the 2013 Technical Report.

Sample Preparation, Analyses and Security

Sampling Method

Samples for laboratory analyses were prepared at the project site by Verde technicians and sent in a Verde vehicle to the respective laboratories. A summary of the current drilling completed by Verde, along with the laboratories utilised for each phase of drilling is shown in Table 1 below.

Table 1: Laboratories Used in Analysing Verde Drilling

Year	Company Name	Type of Drilling	Number of Holes	Meters Drilled	Lab Used
2009	VERDE	RC	19	997m	Bureau Veritas (Brazil)
2011	VERDE	RC / DDH	452	26,609m	SGS Geosol
2012	VERDE	RC / DDH	264	15,865m	SGS Geosol

Sample Preparation and Assaying Methods

2009 Program

For the initial RC drilling program, samples were taken on 2m intervals and then riffle split down to 3kg samples for submission.

Samples were sent to Bureau Veritas laboratory in Vespasiano, Minas Gerais State, Brazil. This laboratory is part of the international chain of laboratories owned by Bureau Veritas that has ISO 14001 certification. The samples were received, dried, crushed to 2mm, riffle split and analysed by XRF for Fe₂O₃, SiO₂, Al₂O₃, CaO, MgO, MnO, TiO₂, Na₂O, K₂O, BaO, P₂O₅, Cr₂O₃, SrO and LOI.

While Verde undertook no quality control for this initial drilling program, Bureau Veritas inserted duplicates, blanks and certified standards at a rate of 5% to maintain their own quality control.

2011 and 2012 Programs

RC samples were generally taken on 1 to 3m intervals and then riffle split down to 1.3kg samples for submission. DC samples were taken on 2m intervals (half core samples collected) and submitted to the laboratory.

Approximately 96% of the total drill metres are accounted for by RC drilling, of which a total of 12% were drilled moist and further 4.7% were drilled wet. AMS have reviewed the sampling procedure, quantity and spatial location of wet drill samples across the Cerrado Verde project area, and believe there to be no significant bias within the database, which is material to the overall resource reported. In addition, AMS make note of a number of DDH twin holes to original RC drilling (include moist and wet sampling), and note no significant bias between DDH and RC sampling.

Quality Controls and Quality Assurance

Before May 2010, the Company did not have appropriate internal QA/QC systems for the drilling campaign.

In May 2010, Verde introduced a QA/QC program. For the internal control reference, at every 20 routine samples, a certified standard, a powder blank and a duplicate were inserted and sent to the laboratory. In

this program, as the analytical results were received, they were immediately imported into the respective sampling spreadsheets, where any undesirable analytical deviations of standards, blanks, duplicates, or inconsistency between the sample result and its respective lithology could be easily compared. Simple inversions of sample results and typographical errors of the spreadsheets compiled after receiving the assay certificates were common. As a result, all the results of all samples from this program were checked one by one by Verde personnel (database manager).

Initially, duplicates were prepared from the splitting of the previous sample pulps. After analysis at the SGS laboratory, the pulps were returned and forwarded for analysis at the ALS Brasil Ltda laboratory (“ALS”), located at Vespasiano, Minas Gerais State. From there, the pulps were sent to the ALS laboratory located in Lima, Peru for analysis. The pulps were analysed by XRF and LOI. The ALS quality management system complies with the requirements of the International Standards ISO 9001:2008 and ISO/IEC 17025:2005. Quality control samples were inserted within each analytical run. For XRF methods, the minimum number of QA/QC samples is 2 standards, 1 duplicate and 1 blank, introduced every 39 samples. The blank was inserted at the beginning, standards were inserted at random intervals, and duplicates were analysed at end of the batch. Every batch of samples analysed has a dual approval and review process. The individual analytical runs were monitored and approved by the analyst. The results were compared with the initial values of SGS in graphics for duplicate controls like Thompson and Howarth, QQ and Correlation plots. This procedure was adopted until sample CV-RCS-2151 (March 2011).

From March 2011 onwards, starting at the sample CV-RCS-2171, the duplicate was obtained by quartering the routine sample prepared by Verde personnel in the field to assist in verifying the entire laboratory sample preparation process.

For the accuracy control, the Australian GeoStats Pty Ltd certified reference material and IPT - Brazilian Instituto de Pesquisas Tecnológicas reference material were used. These were submitted to SGS for conventional XRF analysis. The standards certificates are attached at the end of this report.

The blank material was prepared from pulverized quartz obtained from a Brazilian laboratory Sulfal Química Ltda. At the time, the company did not have appropriate internal contamination control. Gravel blanks composed of quartz was suggested as a suitable alternative to verify the contamination of the sample preparation stage of sample processing.

For the external control reference, after analysis at the SGS laboratory, pulps were selected each 20 routine samples, and sent for analysis to ALS or to Bureau Veritas Brazil.

Further details regarding QA/QC protocol is discussed in Section 12 of the 2013 Technical Report.

Sample Security

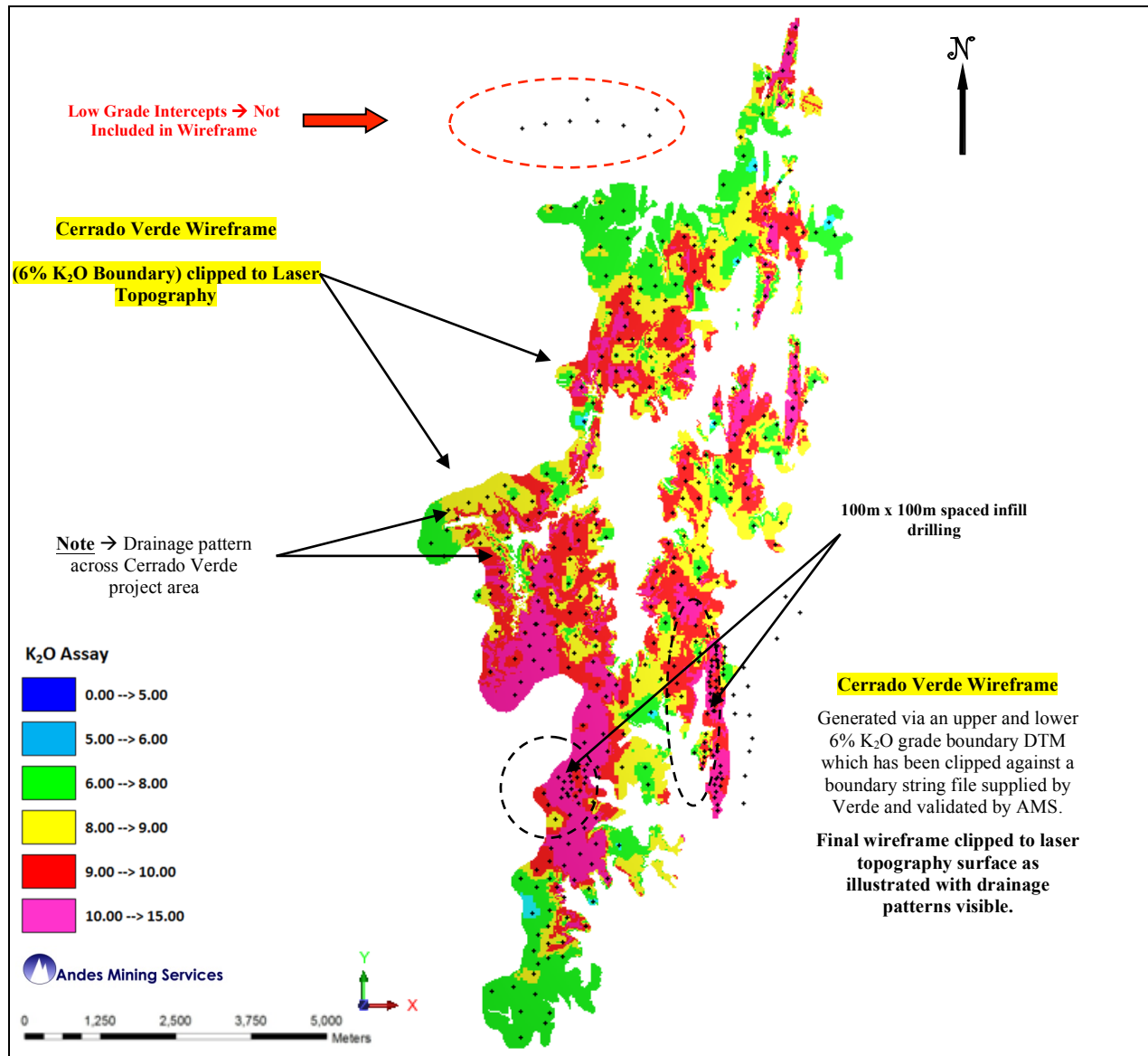
Verde DDH and RC drill cuttings are currently stored in a rented facility. After logging, core samples are marked for splitting and sampling by Verde geologists. Each RC and DDH core sample is placed in a plastic bag, which in turn is placed in a nylon bag for transporting via truck to the sample preparation laboratories located in Belo Horizonte. AMS considers the sampling security implemented by Verde to meet current industry best practice.

Mineral Resources

The Cerrado Verde Project mineral resource estimate is based on 435 drill holes (26,609m) drilled at a nominal spacing of approximately 200m by 200m. A total of 420 reverse circulation drill holes (25,563m) and 15 diamond drill holes (1,046m) have been completed.

The mineral resource estimate has focused on a flat-lying, sub horizontal mineralized domain which has been defined at surface and drill tested to the depth of mineralization using a nominal 6% K₂O grade cut-off to guide the wire framing process, as shown for Target 7 in Figure 4.

Figure 4: Cerrado Verde Block Model Target 7– Coded by K₂O Grade (Estimate)
(AMS, 28 March 2014)



A combined mineral resource statement that incorporates previously reported mineral resources completed by SRK has been prepared for the Cerrado Verde Project. A combined Measured and Indicated mineral resource of 1,472Mt at 9.28% K₂O (using a 7.5% K₂O cut-off) and an Inferred mineral resource of 1,850Mt at 8.60% K₂O (using a 7.5% K₂O cut-off grade) (Table 2) are reported for the Cerrado Verde Project.

Bradley Ackroyd (MAIG) a Qualified Person (as defined in NI 43-101), has classified the statement in accordance with NI 43-101 with an effective date of March 31, 2014.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. AMS and Verde are not aware of any factors (environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors) that may materially affect the Mineral Resource Estimate.

**Table 2: Measured, Indicated and Inferred Mineral Resource Grade Tonnage Report
(AMS & SRK Consulting)
Ordinary Kriging (OK) & Inverse Distance Weighting With Power Two (IDW2)*
(Block Model – 50mE X 50mN X 5mRL / 10mRL)***

Target	Cut-Off (% K ₂ O)	Tonnes (Mt)	Average Grade (% K ₂ O)
Measured Resource Category			
Target 7	7.5	83	10.13
Total Measured		83	10.13
Indicated Resource Category			
Target 6	7.5	23	8.83
Target 7	7.5	1,366	9.24
Total Indicated		1,389	9.23
Total Measured & Indicated		1,472	9.28
Inferred Resource Category			
Target 1	7.5	236	8.72
Target 2	7.5	12	8.54
Target 3	7.5	126	8.72
Target 4	7.5	147	9.03
Target 5	7.5	27	8.31
Target 6	7.5	48	8.84
Target 7	7.5	305	8.89
Target 11	7.5	47	8.27
Target 13	7.5	168	8.50
Target 14	7.5	325	8.65
Target 16	7.5	257	8.15
Target 17	7.5	151	8.19
Total Inferred		1,850	8.60

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

* IDW2 Estimate (SRK Block Model - 50mE x 50mN x 10mRL) --> Targets 1,2,3,4,5,6,11,13,14,16 and 17

* OK Estimate (AMS Block Model - 50mE x 50mN x 5mRL) --> Target 7

* Appropriate rounding has been applied to Table 2

Effective Date of the mineral resource estimate is: 31 March 2014

Mineral Reserve Estimates

NCL studied the Cerrado Verde Project as a conventional open pit operation. NCL has determined the following mining details for the project:

- Bulldozers will carry out ore mining while waste will be mined out directly by hydraulic excavators. There will be no use of explosives on the TK mine site.
- Load and haul equipment will be rented to the mining contractor and will be operated by Verde's personnel. The contractor's personnel will operate ancillary equipment. The mining contractor will maintain all equipment.

A series of economic pit shells were calculated using the Lerchs-Grossman algorithm for different TK prices. The selections of a final pit shell for mine design was based on a NPV maximization strategy, taking into account factors such as external waste dump size and desired life of mine.

The life of mine ("LOM") mining schedule feeds 233 ktpy of fresh rock to the primary crusher. The expected mass recovery is 100%.

The Mineral Resources are inclusive of the Mineral Reserves.

Table 3: Mineral Reserve Summary

Ore Reserves	Mass (kt)	K ₂ O (%)
Proven Reserve	5,381	10.87
Probable Reserve	1,639	10.77
Total Reserve	7,020	10.85

⁽¹⁾ As of March 31, 2014.

⁽²⁾ A variable cutoff grade was used to report reserves, between 10.2% and 10.6% K₂O.

⁽³⁾ Numbers may not add up due to rounding.

⁽⁴⁾ Overall strip ratio of 0.34 to 1.

⁽⁵⁾ Waste contains inferred resources, which have potential for upgrading to higher category resources, and possibly reserves after sufficient definition work has been completed.

⁽⁶⁾ Based on 100% mining recovery.

Proposed Mining Operations

Pit Design

Design Parameters

The following criteria have been established for pit design:

- ✓ **Reference optimization pit:** The 51.3 US\$/t TK pit (revenue factor 0.59 of the base price) was used as a reference for the pit design.
- ✓ **Processing Plant feed:** The phases were developed aiming to deliver 233 kt of ore to the crusher per year.

- ✓ **Minimum Expansion Width:** 20 meters of minimum pit bottom width, suitable for the equipment fleet under consideration (off the shelf highway trucks).
- ✓ **Ramps:** 12.5m wide with 8% to 10% of gradient on normal benches, and 8m wide with 10% gradient on pit bottoms.
- ✓ **Benches and Slope Angles:** 5m benches and slope angles according to geotechnical recommendations.

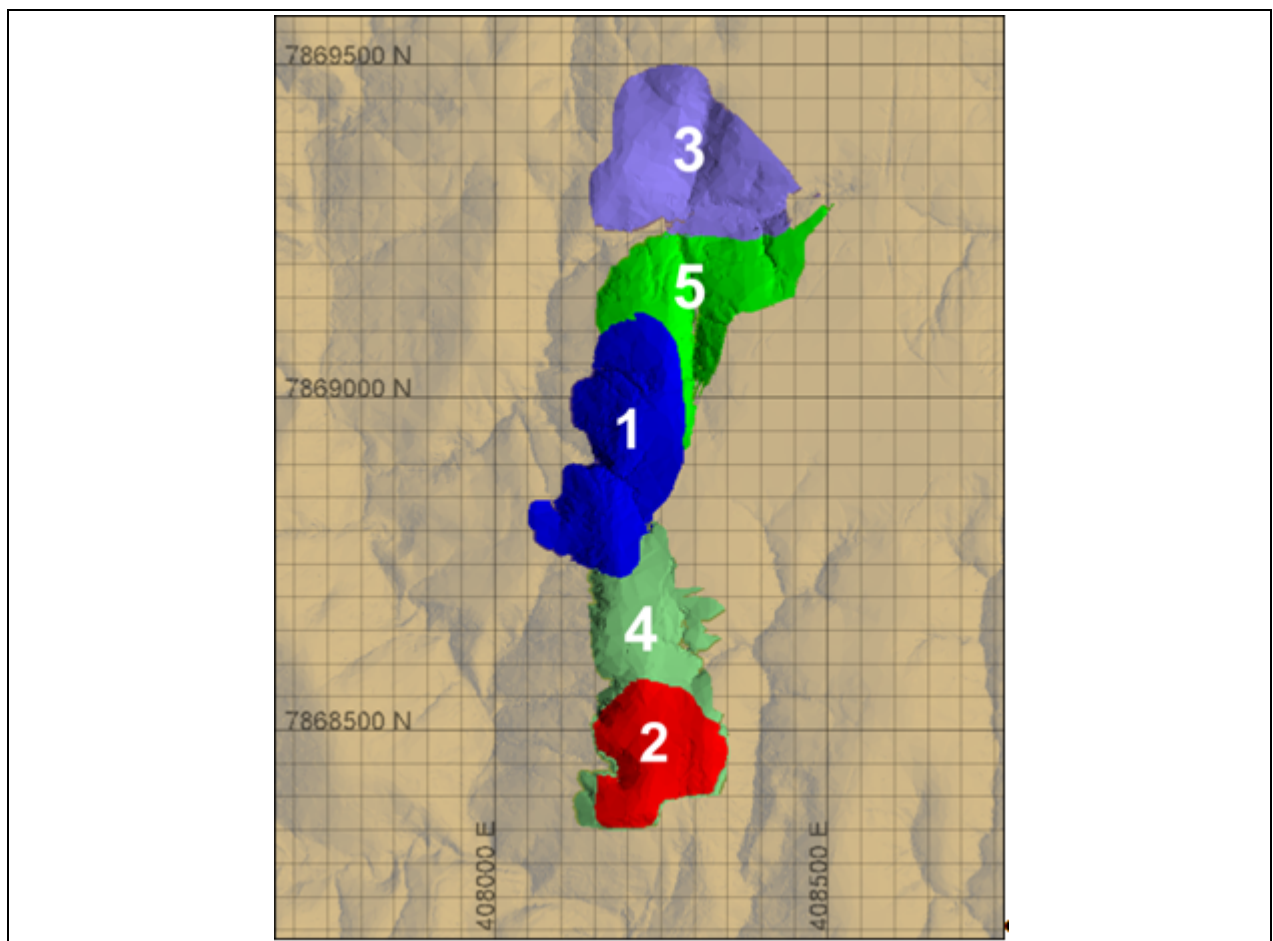
Phase Design

The mine is divided into 5 phases. The first phase was designed to be exhausted before the waste dump reaches its maximum capacity, to allow for in pit dumping for the next phases.

Toe, crest and ramp lines have been designed for each by following the geometry recommendations for the final pit.

The following figure shows the phase sequence.

Figure 5: TK Project Mining Phase (NCL – March 2014)



Mine Schedule

The mine schedule was prepared according to the following criteria, agreed between Verde and NCL:

- ✓ Processing plant ramp up: 50% production in first year, 75% in the second year;
- ✓ Plant feed rate: 233 kt per year;
- ✓ Maximum bench advance per year: 5 on closed benches, 7.5 in open phases;
- ✓ Detailed on a yearly basis.
- ✓ Grade Strategy: The acceptable cutoff grade to produce TK is 10.2% K₂O, but a higher cut-off grade was sought during the first years. To achieve these goals, NCL used a variable cut-off grade strategy.

Table 4: Mine Production – Cut-off

First Period	Last Period	Cut-off Grade (% K ₂ O)
RU-1	9	10.6
10	10	10.3
11	16	10.6
17	17	10.5
18	29	10.2

Mine operation

The mine will operate as a conventional truck and shovel operation. The mine will use rented equipment, the load and hauling equipment will be operated by Verde's personnel while the ancillary equipment will be manned by contractor personnel. Maintenance will be included in the equipment rental.

Bulldozers will carry out ore disaggregation while waste will be mined out directly with hydraulic excavators. There will be no use of explosives on the TK mine site.

The TK mine will operate two daily shifts of six hours each during weekdays only.

Market Studies and Contracts

Verde contracted a Brazilian agronomic market-consulting group called Agris Consultoria ("**Agris**") to prepare a market study evaluating TK as a source of premium potash fertilizer in Brazil. Agris' Principal Consultant, Mr. Renato Mendes was the expert consultant.

The study analyzed the market demand and expected price of Verde's TK fertilizer. Among other data, Agris relied upon Fertecon's Potash Outlook report ("**Fertecon**"), which was published in February 2014 and provided an overview of the Brazilian market.

MAPA approved TK for use as a potash fertilizer on June 24, 2013, and IBD Certifications, the largest certifier in Latin America approved TK for use on organic crops. The product is therefore eligible for sale in Brazil. Over the past seven years the Company and a number of research partners have conducted 42 lab tests and 47 field tests with 15 different crops on more than 50 ha. The results of these tests have

demonstrated the product's efficacy as a source of potassium, silicon and calcium, as well as its ability to address the acidity of Brazilian soils.

A conservative methodology was chosen to estimate TK price, comparing the potash nutrient value against the potash nutrient price of the other premium potash fertilizers. The Si, Ca and Mg values within TK have not been included in the valuation process. Four sources of premium potash fertilizers available in the Brazilian market were utilised as a benchmark in the valuation: Potassium Sulfate, Potassium Nitrate, Potassium Magnesium Sulfate and Potassium Sodium Nitrate. All major regional consumers of premium potash in Brazil were included in the valuation of TK.

An average price per K nutrient was determined per regional consumer and multiplied by the TK's K concentration (7%). Transport costs and applicable taxes for regional consumer were included, resulting in an average net sales price over the life of mine of US\$187.74.

The Brazilian Potash Market

Brazil's National Fertilizer Distributors Association ("ANDA") showed that in 2014, Brazil imported 5.1 Mt K₂O, an increase of 4% from 2013 levels and in 2013, potash deliveries were 5 Mt K₂O, a 5% increase over 2012. Vale is the sole producer of Brazil's domestic supply of potash. Its current production accounts for only 5% of Brazil's overall demand for potash. Therefore 95% of all potash consumed in Brazil has to be imported. Official data from the Ministry of Development, Industry and Foreign Trade ("MDIC") puts Brazil's KCl imports for 2014 at just over 9 Mt, 10% higher than 2013. With the exception of the 2008/2009 period, when the global economic downturn led to a worldwide drop in fertilizer demand, fertilizer deliveries to Brazil are showing year-on-year growth. Since 2010, when overall deliveries stood at 24.5 Mt, a similar level to 2007, fertilizer consumption has grown by 6.5 Mt.

Consumption of potash in Brazil is forecast to continue growing strongly as the country's soils are deficient in potash and the nutrient is key for a number of the country's major crops, such as soybeans, sugarcane, coffee, orange, tobacco and corn. Fertecon forecasts that Brazil could see an increase of 3 Mt of potash consumption in the period up to 2025.

The market for premium potash fertilizers (such as TK) is not very large when compared to the market of conventional potash fertilizers such as KCl. However, premium fertilizers are necessary for some of the most produced crops in Brazil.

Table 5: Premium K₂O Consumption (Source: Agris – March 2014)

Premium K₂O Consumption					
State	2013	2020	2025	2030	2040
Rio Grande do Sul	17.617	25.715	28.267	31.071	37.543
São Paulo	7.185	10.488	11.529	12.673	15.313
Minas Gerais	5.048	7.368	8.099	8.903	10.757
Paraná	4.544	6.633	7.291	8.015	9.684
Santa Catarina	3.519	5.136	5.646	6.206	7.498
Pernambuco	3.049	4.450	4.892	5.377	6.497
Bahia	2.005	2.926	3.216	3.536	4.272
Others	4.443	5.749	6.106	7.836	6.486
Total Premium	47.409	68.467	75.046	83.617	98.049
Total K₂O Consumption					
Total	4.928.914	7.194.007	7.907.572	8.693.273	10.500.935

Table 5 above shows a forecast for the consumption of premium potash fertilizers (K₂O tonnes) in Brazil. The states selected were those with larger consumption of premium K₂O. The consumption data for premium K₂O is related to four types of products: Potassium Nitrate, Potassium Sulfate, Potassium Magnesium Sulfate and Potassium Sodium Nitrate. This market's growth rate, in volume, was determined based on Fertecon's forecasted K₂O consumption volume.

ThermoPotash ("TK")

TK is a controlled-release, non-chloride, multi-nutrient fertilizer that is ideally suited for Brazilian soils. It is a new product, which is expected to compete with other premium, multi-nutrient, non-chloride fertilizers currently in the Brazilian market, such as Potassium Sulfate, Potassium Nitrate, Potassium Magnesium Sulfate, and Potassium Sodium Nitrate. TK delivers potassium without the negative effects of chlorine, while the limestone content addresses the high acidity of Brazil's soils.

Research on the use of Cerrado Verde's potassium silicate rock to produce TK began in the early 1980s by academics. Since 2009, with the help of a multitude of parties, Verde built on that earlier research through its own studies, development and successful agronomic field trials. Agronomic trials have been conducted in conjunction with the University of Uberlândia, the University of Lavras and the University of São Paulo, EPAMIG, ArcelorMittal, BioFlorestas and a number of large corporate growers in Brazil. The production process for TK is similar to the pyro portion of the production process the Company has developed for KCl. The potassium silicate rock is heated in a rotary kiln along with limestone to produce TK.

TK was approved for use as a potash fertilizer by MAPA on June 24, 2013. The product is therefore eligible for sale in Brazil. Over the past seven years the Company and a number of research partners have conducted 42 lab tests and 47 field tests with 12 different crops on more than 50 ha (500,000m²). The results of these tests have demonstrated the product's efficacy as a source of potassium, silicon and calcium, as well as its ability to address the acidity of Brazilian soils.

Below are some of the characteristics and proven benefits of TK:

Potassium (K), Limestone (Ca), Silicon (Si) e Magnesium (Mg)

Besides potassium (7% K₂O), TK contains other nutrients, calcium (22% Ca), silicon (17% Si) and magnesium (Mg 1%); all of which are in a single homogeneous fertilizer.

Corrective Effect on Soil

Corrective effect of acidity is done through the increase soil pH. Each tonne of TK has an average corrective power equivalent to 50% of limestone (CaCO₃ = 50%), this means that a tonne of TK can replace up to 500 kg of limestone, reducing farmers' costs with limestone and its application through liming.

Absence of chlorine

The repeated fertilization with sources that have chlorine, such as KCl, can compromise the quality of some crops, especially those sensitive to an excess of this nutrient, like tobacco, coffee, pineapple and potato. Unlike potassium chloride, which has 47% chloride in its composition, TK has no chloride.

Synchronized Release into the Soil

Its physical characteristics synchronize the release of nutrients in the soil, which is more suitable for plant absorption, meeting the nutritional needs along the plant development cycle.

Residual Effect on Soil

Soil analyses conducted on areas that received TK applied to crops of sugarcane, coffee, potatoes and pearl millet, showed higher levels of potassium in the soil after harvest when compared to other sources. The levels of Ca and Si were also higher.

There is no loss by leaching

TK's potash content is not lost by leaching. Studies conducted on two types of soil texture (sandy and clayish) demonstrated that KCl has a loss of 26% of potassium, while TK's loss is of only 0.3% (source: Duarte, 2012), this contributes to the maintenance and sustainability levels of soil fertility.

Increase the nutrient availability and reduces the fixation of phosphorus

TK has calcium oxides and silicates that produce corrective action to the soil (raising the pH), this improves the availability of most nutrients and decreases the fixation of the phosphorus in the soil.

TK has in its composition more than 40% of available silicon

TK has over 40% of soluble silicon, so the nutrient is readily available to the plant. Potassium silicon also contributes to increase productivity, improve water use efficiency and better resistance to hydric stress and bacterial attack.

Reduces the number of applications

TK can be applied one single time, without the need for several applications on the soil. Since all other potash fertilizers are water soluble, they need to be continually re-applied to sustain the K nutrient levels for the crops. Brazil's tropical weather and the amount of rainfall make repeated reapplication of potash necessary for a Brazilian farmer when compared with farmers in North America or Europe. A water non-soluble fertilizer will significantly reduce the costs of applications for farmers.

Low Salinity Index:

The high degree of concentration of salts promoted by the use of potash fertilizers, such as Potassium Nitrate (salt index = 74%), can impair seed germination, growth and development of the radicular system of plants. TK does not have saline effect on the soil because its salt index is negligible (2%).

The salt index of a fertilizer is a measure of this phenomenon and is determined by placing the studied material in the soil and measuring the osmotic pressure of the soil solution. Osmotic pressure is expressed in atmospheres. Salt index is actually the ratio of increase in osmotic pressure produced by a material compared to that produced by the same weight of sodium nitrate, based on a relative value of 100. Nitrogen and potassium salts have much higher salt indices and are much more detrimental to germination than phosphorus salts when placed close to or in contact with the seed.

Contracts

Verde does not yet have any contracts in place at the time of this report.

Pricing Composition

A conservative methodology was chosen to measure TK's price considering just its potash nutrient value compared against the potash nutrient price of other premium potash fertilizers, without factoring in its Silica (Si), Calcium (Ca) and Magnesium (Mg) values. Four sources of premium potash fertilizers available in the Brazilian market were considered for the analysis: Potassium Sulfate, Potassium Nitrate, Potassium Magnesium Sulfate and Potassium Sodium Nitrate.

The methodology used for the market study is described below.

Determine the Consumption Areas

The consumption by state of premium fertilizers was defined from Agris' database and was crossed with the statistical data from MDIC. From this it was possible to define which states represent a cumulative amount of 90% of the total consumption of premium fertilizers in Brazil. The states selected were: Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Minas Gerais, Bahia and Pernambuco.

After defining the key states, based on Agris' database, it was possible to determine the cities with greater consumption of this type of product in each state. Two cities were chosen for the States of Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Minas Gerais and one city was selected to represent the States of Bahia and Pernambuco. The cities were chosen due to their agronomic and logistic relevance to its region and proximity to crop plantations that usually require premium K_2O , such as coffee, tobacco, organic crops, fruits and vegetables.

Table 6: Regions Used in the Price Determination

State	Consumption Area
Bahia	Luis Eduardo Magalhães
Minas Gerais	Uberaba
Minas Gerais	Varginha
Paraná	Guarapuava
Paraná	Maringá
Pernambuco	Petrolina
Rio Grande do Sul	Santa Maria
Rio Grande do Sul	Vacaria
Santa Catarina	Caçador
Santa Catarina	Chapecó
São Paulo	Piracicaba
São Paulo	Ribeirão Preto

Average Premium K₂O Price for Selected Regions

Considering that the four premium fertilizers selected have different compositions and some are also multi-nutrient, the value of its K nutrient was isolated from other nutrients. To such end, the prices for the other nutrients were also removed. The isolation procedure of the K nutrient was accomplished through a price quotation of other nutrients present in potash fertilizers' composition. For example, Potassium Nitrate is composed of N and K, but only K is used for TK pricing. Therefore it was necessary to calculate the equivalent price of N in the product composition to get the price of pure K, as Table 7 below shows.

Table 7: Product Composition

Fertilizer	Price Quoted	Nutrient	Quant. Nutrient/ton	Price Ton	Price Nutrient/Kg
Urea	\$600,00	N	460	\$600,00	\$1,30
Potassium Nitrate	\$1.391,30	N	130	\$169,57	\$2,78
		K	440		

This method was replicated for the other used products. The other nutrients values were measured based on the most available and commonly used source of the nutrient in the market: Urea for Nitrogen; Limestone for Calcium; Dolomite for Magnesium; and Gypsum for Sulfur. The fertilizers and their composition are described below.

Table 8: Fertilizer Nutrient Composition

Product	N	K	Ca	S	Mg	Si
Premium K Fertilizers						
Potassium Sulfate	-	48%	-	15%	-	-
Potassium Nitrate	13%	44%	-	-	-	-
Potassium Magnesium Sulfate	-	21%	-	21%	10%	-
Potassium Sodium Nitrate	15%	14%	-	-	-	-
ThermoPotash	-	7%	22%	-	1%	17%
Others Fertilizers						
Urea	46%	-	-	-	-	-
Dolomite	-	-	40%	-	15%	-
Limestone	-	-	52%	-	3%	-
Gypsum	-	-	17%	14%	-	-

Considering the selected fertilizers, quotes were taken to purchase the fertilizers delivered at the selected cities. The quotes were taken between February 17th and March 6th of 2014. All the quotes for the market analysis were in Brazilian Reais, including quotes for freight. The exchange rate used was R\$2.30 as per the Brazilian Central Bank's exchange rate from March 6th (same used throughout the PFS).

The study considered the lowest delivered price to the city, as shown in Table 9:

Table 9: Lowest Delivered Price to the City

Prices - Potassium Sulphate			
Consumption Area	Quote 1	Quote 2	Quote 3
Caçador	\$1.268,12	<u>\$1.086,96</u>	\$1.217,39
Petrolina	<u>\$978,26</u>	\$1.152,17	\$1.158,70
Ribeirão Preto	\$1.160,87	<u>\$1.017,39</u>	\$1.497,39

If Agris was not able to collect at least 3 quotes for each product for each city, Agris used its database as a reference. Prices were adjusted to a lower value if necessary to avoid any discrepancy, for example, between a competitive price found in a city and a much higher price found in a city just 300km away. The goal was to ensure that the most competitive prices were used.

Table 10 shows the average delivered price used in the analysis:

Table 10: Average delivered price used in the analysis

Premium K Fertilizers		Others Fertilizers	
Product	Average Price (US\$)	Product	Average Price (US\$)
Potassium Sulfate	1.042,32	Urea	574,31
Potassium Nitrate	1.327,36	Dolomite	33,48
Potassium Magnesium Sulfate	750,11	Limestone	38,26
Potassium Sodium Nitrate	967,39	Gypsum	33,95

Premium potash fertilizers have higher importation costs than KCl. Considering lower purchasing contracts; the cost over the cfr Brazil price at port for those fertilizers could be considerably high, as the quotes show. The costs include: port charges, inland transportation, financial costs and others.

After measuring the K₂O unit value for each premium potash fertilizer, isolating the value of K₂O from the other nutrients, the value of TK was calculated as an average price among the other premium fertilizers, considering its 7% K₂O composition. The value of TK was measured only for its potash nutrient. This methodology did not account for its Ca, Si, or Mg values.

Net Sales Price for TK (FOB Price)

After Agris determined the delivered price for TK in each city, Agris estimated the Net Sales Price for TK. The Net Sale Price discounted the freight from São Gotardo (plant site) to the cities and the government sales taxes (ICMS – “*Imposto Sobre Circulação de Mercadorias e Prestação de Serviços*”).

The Net Sales Price for each city is shown in Table 11 below:

Table 11: Net Sales Price by City

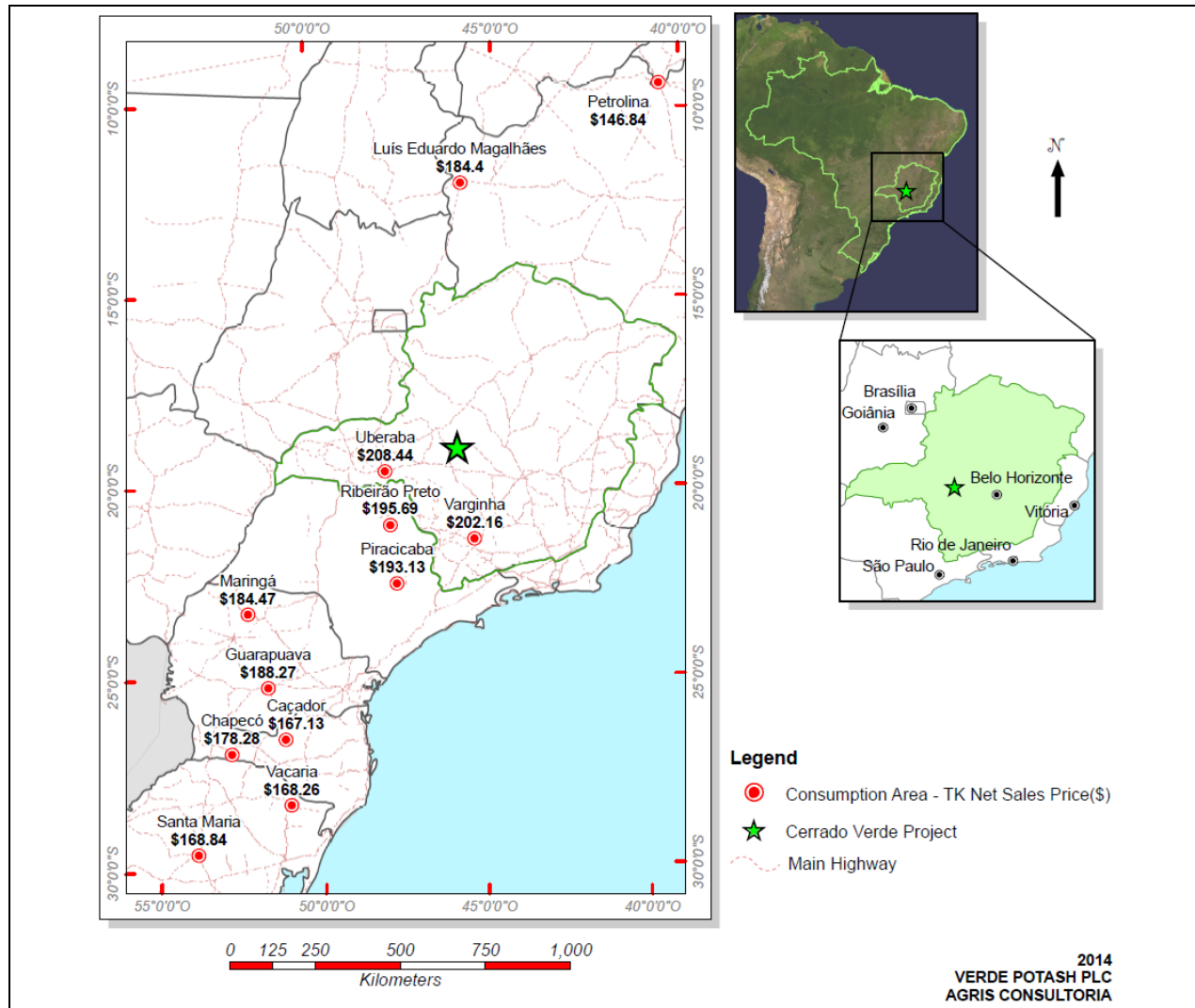
State	Consumption Area	TK Delivered Price	Freight	ICMS	TK Net Sales Price
MG	Uberaba	241,04	23,91	8,69	208,44
MG	Varginha	243,19	32,61	8,42	202,16
SP	Ribeirão Preto	237,75	33,91	8,15	195,69
SP	Piracicaba	240,31	39,13	8,05	193,13
PR	Guarapuava	248,29	52,17	7,84	188,27
PR	Maringá	244,33	52,17	7,69	184,47
BA	Luis Eduardo Magalhães	239,91	47,83	7,68	184,40
SC	Chapécó	240,49	54,78	7,43	178,28
RS	Santa Maria	247,62	71,74	7,04	168,84
RS	Vacaria	244,83	69,57	7,01	168,26
SC	Caçador	224,09	50,00	6,96	167,13
PE	Petrolina	235,57	82,61	6,12	146,84

Note: All values expressed in US dolar (US\$)

The freight quotes were determined using the same procedures in determining the fertilizer quotes.

For sales taxes, a 4% value was utilised for all sales. This tax considers a special tax treatment granted by the State of Minas Gerais on April 6th, 2011. That treatment grants Verde an effective tax burden of 4% for the ICMS (instead of 12% for Espírito Santo, 8,4% for Sao Paulo, Rio de Janeiro and states from the south region; and 4,9% for the other states of Brazil), payable on sales of TK and other potash fertilizers, conducted by the distribution centre, pursuant to section XIV, art. 75, General Part of the RICMS, “*Regulamento do Imposto Sobre Operações Relativas à Circulação de Mercadorias e Sobre Prestações de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação*”, approved by Decree No. 43080 of 2002. This will elevate the sales tax for Minas Gerais from 0% (zero percent) to 4%, but considering the sales volume in the others States this loss is compensated.

Figure 6: Map with TK Net Sales Prices in Brazil



Price Forecast

The Net Sales Price for each city will remain the same from 2013 until the LOM. No inflation or impacts on the relation between supply & demand were considered.

However, as the K₂O market grows, the Company will be able to sell TK to closer cities and thus taking advantage of a more attractive Net Sales Prices. The weighted Net Sales Price, as it will be quantified in the cash flow model, is shown in Table 12 below:

Table 12: Weighted Net Sales Price

Year	2017	2018	2019	2020	2025	2030	2040
TK Production (ton/y)	167.000	266.000	330.000	330.000	330.000	330.000	330.000
TK Production as K ₂ O (ton/y)	11.690	18.620	23.100	23.100	23.100	23.100	23.100
TK Production at Premium K ₂ O Brazilian Market (%)	20%	30%	35%	33%	30%	28%	23%
TK Production at Total K ₂ O Brazilian Market (%)	0,19%	0,29%	0,34%	0,32%	0,29%	0,27%	0,22%
Weighted Net Sales Price (US\$/t)	193,08	184,94	181,22	183,35	184,93	186,58	190,30

Indicative Economics

The PFS provides a report on the results of mineral resources, mining, processing and a pre-feasibility economic analysis of the potential project development. The PFS and its economic analysis are based on the mineral resource estimated for Cerrado Verde Project as of March 31, 2014.

The indicative economics for the production of 330,000 tpy of TK at a grade of 10.85% K₂O is presented in Table 13 below. The financial model indicates robust project economics with a NPV of US\$146 million at a discount rate of 10% and an IRR of 23.5%. These results are based on a 2015 construction start date and a 2017 production start date. However, given that the Company requires an environmental permit for the 330,000 tpy greenfield plant, these timelines are no longer considered. In order to fast track production of TK, the Company is presently identifying all viable opportunities. One such opportunity is to buy or lease a non-operating pyrometallurgical plant and convert it into one for TK production (as announced on October 29, 2014). This is being pursued concurrently with greenfield development.

In summary, the following economic results have been obtained from the pre-feasibility project phase engineering work and economic analysis:

- Capital Cost of US\$113.64M, including US\$ 14.77M (15%) of contingencies.
- Sustaining Capital of US\$ 31.5M, including:
 - Process Plant Equipment replacement - US\$4.8M per year (total of US\$24M);
 - Mining Equipment Replacement - US\$3.2M;
 - Decommissioning - US\$1.5M;
 - Mine Closure - US\$500K;
 - Contingency - US\$4.38M.
- Operating cash costs of US\$55.29 per tonne of TK.
- Estimated initial selling price of TK-US\$187.74.
- Project life evaluation based on a mine life of 31 years of operation with mineral reserves delivering an average grade of 10.85% K₂O.
- Internal Rate of Return (IRR): 23.52%.
- Net Present Value (NPV) of US\$145.7M using 10% WACC (Weighted Average Cost of Capital).
- Payback of 5 years.

Table 13: TK Project, Indicative Economics

Economic Indicators	Unit	Amount
Currency Exchange Rate	BR/US\$	2.3
Weighted Average Cost of Capital (WACC)	%	10
Mine Life	Years	31
Opex	US\$/t	55.29
Average TK Sales Price (31 years plan)	US\$/t	187.74
Total TK Production (31 years plan)	Kt	9,914
Total Net Revenues	US\$ Billion	1.86
Initial Capex	US\$ Million	98.87
US\$ Contingency	US\$ Million	14.77
Sustaining Capital (2019 – 2044)	US\$ Million	31.53
US\$ NPV @ 10%	US\$ Million	145.7
IRR	%	23.52
Payback	Years	5

Evaluation Budget

Verde, as shown in Table 14, proposed the approximate cost estimate for the recommended bankable feasibility work program:

Table 14: Bankable Feasibility Study Work Program (March 2014)

Activity	Total (US\$, 000)
Engineering Studies	3,125
Administrative	375
Geotechnical Drilling	177
Environmental Studies	278
Total	3,957

The authors consider this cost estimate to be sufficient to complete a BFS.

OTHER MINERAL PROJECTS

Limestone Projects

Verde is considering two of its own sources for the supply of limestone to the Cerrado Verde Project: the “Moema Limestone Project” and the “Jaguara Limestone Project”. The Company holds 5 exploration permits covering an aggregate area of 8,198ha for both the Moema and Jaguara projects.

Moema Limestone Project

On September 26, 2011 the Company announced an independent mineral resource estimate for the Moema Limestone Project. The resource includes 89 million tonnes in the indicated category at an average grade of 54.71% CaO and 180 million tonnes in the inferred category at an average grade of 54.7% CaO (no cut-off applied). A technical report entitled “*Resources Estimate - Calcário Limestone Project, Minas Gerais State, Brazil*” dated November 10, 2011, and prepared by Volodymyr Myadzel of BNA, was filed on SEDAR on November 10, 2011.

In June 2013, Verde presented an application for a mining permit for tenement number 833.841/2010. The Company is revising the PAE for production of TK, which includes the mine planning study produced by BNA. For tenement number 833.840/2010, DNPM is reviewing Verde’s request to extend the exploration permit for three years.

Jaguara Limestone Project

In 2012 Verde Potash performed 13 RC drill holes, (1,051m) at its Jaguara Limestone Project. An initial assessment has identified 184 million tonnes of limestone at the south portion of Jaguara, with average grades of 52.5% CaO, 3.4% SiO₂ and 0.76% MgO. In June 2012, the Company presented to DNPM the final research report for the tenements 833.328/2008 and 833.332/2008 and are awaiting their review.

RISK FACTORS

Due to the nature of the Company’s business and the present stage of its development, an investment in any of the securities of the Company is speculative and involves a high degree of risk. In addition to the matters set out elsewhere in this AIF, the following are also risks related to the Company. The risk factors outlined below are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company’s operations.

Early Stage Projects and Dependence on Mineral Exploration Projects

Each of the Cerrado Verde Project, Goiás Verde Project, Moema Limestone Project and Jaguara Limestone Project are at the exploration stage. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits on these or any other properties will result in discoveries of commercially exploitable reserves. Furthermore, unless the Company acquires additional properties or projects, any adverse developments affecting these projects or the Company’s rights to develop mining concessions that are held on these properties, could materially adversely affect the Company’s business, financial condition and results of operations.

Mineral Resources and Reserves

The resource estimates for the Cerrado Verde Project are estimates only and no assurances can be given that the estimated levels of potash will actually be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling and exploration results and industry

practices. Estimates made at any given time may significantly change when new information becomes available or when parameters that were used for such estimates change. While the Company believes that the resource estimates included are well established, by their nature resource estimates are imprecise and depend, to a certain extent, upon statistical inferences, which may ultimately prove unreliable. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The evaluation of reserves or resources is always influenced by economic and technological factors, which may change over time.

Currently, the Company has Measured, Indicated and Inferred Mineral Resources, and Proven and Probable Mineral Reserves on the Cerrado Verde Project. No assurance can be given that mineralization will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade, geological formation and proximity to infrastructure; commodity prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

If the Company is unable to upgrade the current estimated mineral resources on the Cerrado Verde Project to measured mineral resources or mineral reserves in sufficient quantities to justify commercial operations, it would be unable to develop a mine on the Cerrado Verde Project and its business, financial condition and results of operations could be adversely affected.

Exploration and Operating Risks

The exploration for mineral deposits is a speculative venture involving a high degree of risk. Even a combination of careful evaluation, experience and knowledge may not eliminate such risk. Unusual or unexpected rock formations, unanticipated changes in metallurgical characteristics and mineral recovery, environmental hazards, fires, power outages, labour disruptions, flooding, cave-ins, landslides, unfavourable operating conditions and the inability of the Company to obtain suitable machinery, equipment or labour are all risks involved with the conduct of exploration programs and the operation of mines.

Should any of these risks and hazards adversely affect the Company's mining operations or activities, it may cause an increase in the cost of operations to the point where it is no longer economically feasible to continue such operations or activities. It may also require the Company to write down the carrying value of one or more properties, cause delays or a stoppage in mineral exploration or development, result in damage to or destruction of mineral properties or and may result in personal injury or death or legal liability, all of which may have a material adverse effect on the Company's financial condition, results of operation, and future cash flows.

Substantial expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site, and substantial additional financing may be required. There is no assurance that commercial quantities of potash or other commercially desirable minerals will be discovered on the Company's current properties or other future properties, nor is there any assurance that the Company's exploration program on such properties will yield positive results.

Economic Extraction of Minerals from Identified Deposits May Not be Viable

The development of any of the Company's projects into commercially viable mines cannot be assured. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of a deposit, such as its size, grade and geological structure (including the fact that

there can be no assurance that the potassium silicate rock will prove suitable for the commercial mining and production of potash); prevailing commodity prices, which are highly cyclical; costs and efficiency of recovery and production methods that can be employed; proximity to infrastructure; availability and costs of additional funding; and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of commodities and environmental protection. Estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and technical report studies. This information is used to calculate estimates of the capital cost and operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the mineral resource, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that the actual capital cost, operating costs and economic returns of any proposed mine may differ from those estimated and such differences could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The effect of these factors cannot be accurately predicted but any combination of these factors may result in the Company not receiving an adequate return on its invested capital, if any, and/or may result in the Company being unable to develop a mineral deposit into an operating mine.

There can be no assurance that the Company will be able to complete development of any project at all or on time or on budget due to, among other things, and in addition to those factors described above, changes in the economics of the mining project, delays in receiving required consents, permits and licenses (including mineral subsurface rights), the delivery and installation of plant and equipment and cost overruns, or that the Company's personnel, systems, procedures and controls will be adequate to support operations. Should any of these events occur it would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Dependence on New Process Development for ThermoPotash and KCl

The Company's future performance will depend on its ability to develop and implement a new process to produce TK and/or KCl from its potassium silicate rock. Substantial expenditures may be required to develop a commercially viable method for producing TK and/or KCl, and substantial additional financing may be required. There is no assurance that such commercially viable methods will be developed to the point of commercial production. In such a scenario, there could be a material adverse effect on the Company's business and financial condition.

Uninsurable Risks

The exploration, development and production of mineral properties involves numerous risks including unexpected or unusual geological operating conditions such as rock bursts, cave-ins, fires, flooding and earthquakes. Insurance may not be available to cover all of these risks, may only be available at economically unacceptable premiums or may be inadequate to cover any resulting liability. Any uninsured liabilities that arise would have a material adverse effect on the Company's business and results of operations.

Operations in a Foreign Country and Regulatory Requirements

All the Company's properties are located in Brazil and mineral exploration and mining activities may be affected in varying degrees by changes in political, social and financial stability, inflation and changes in government regulations relating to the mining industry. Any changes in regulations or shifts in political, social or financial conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety. Brazil's status as a developing country may make it more

difficult for the Company to obtain any financing required for the exploration and development of its properties due to real or perceived increased investment risk.

Currently there are no restrictions on the repatriation from Brazil on the earnings of foreign entities. Capital investments registered with the central bank in Brazil may similarly be repatriated. There can be no assurance that restrictions on repatriation of earnings and capital investments from Brazil will not be imposed in the future.

Competition

The Company competes with other mining companies, many of which have greater financial and technical resources and experience, particularly with respect to the potash industry and the limited number of mineral opportunities available in South America. Competition in the mining industry is primarily for properties which can be developed and can produce economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. In addition, many competitors not only explore for and mine potash, but conduct refining and marketing operations on a world-wide basis. Such competition may result in the Company being unable to acquire desired properties on terms acceptable to the Company, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's business and results of operations.

In the future, if the Cerrado Verde Project is brought into production, the Company may also compete with other potash mining and/or marketing companies, many of which have greater marketing, financial and technical resources and experience, in exporting and marketing its potash or potash-based products. In addition, in such circumstances the Company will be vulnerable to increases in the supply of potash beyond market demand either from the opening of new potash mines or the expansion of existing potash mines by the Company's competitors, which could depress prices and have a material adverse effect on the Company's business, financial condition and results of operation.

Title Matters

While the Company has diligently investigated title to all mineral properties and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be affected by undetected defects in title, such as the reduction in size of the mineral claims and other third party claims affecting the Company's priority rights, at the discretion of the DNPM. The Company's interests in mineral properties are comprised of exclusive rights under government licences and contracts to conduct operations in the nature of exploration and, in due course if warranted, development and mining, on the licence areas. Maintenance of such rights is subject to ongoing compliance with the terms of such licences and contracts.

Uncertainty of Acquiring Necessary Permits

The Company's current and future operations will require approvals and permits from various federal, state and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of such approvals and permits for the existing operations or additional approvals or permits for any possible future changes to operations. Prior to any development on any of its properties, the Company must receive permits from appropriate governmental authorities. There can be no assurance that the Company

will continue to hold all permits necessary to develop or continue operating at any particular property or obtain all required permits on reasonable terms or on a timely basis.

No Production Revenues

The Company does not commercially mine, produce or sell any mineral products at this time. The Company does not expect to generate revenues from mining operations in the foreseeable future. The Company expects to continue to incur losses until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The exploration and development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration and development programs. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

Uncertainty of Additional Capital

In the past, the Company has relied on sales of equity securities to meet its capital requirements. The development of the Company's properties depends upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There is no assurance that the Company will be successful in obtaining the required financing.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Company. The development and exploration of the Company's projects may require substantial additional financing. Failure to obtain such financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's projects or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If the Company, through the issuance of securities from treasury, raises additional financing, control of the Company may change and security holders may suffer additional dilution. See "*Risk Factors - Dilution*".

Government Royalties

The Federal Government of Brazil collects royalties on mineral production, with up to half of such royalties being paid to surface rights owners. The current Brazilian federal royalty applicable to fertilizer production is a 2% net smelter return ("NSR") and a 3% NSR in the case of potash. This level and the level of any other royalties, payable to the Brazilian government in respect of the production of minerals may be varied at any time as a result of changing legislation, which could materially adversely affect the Company's results of operations.

Market Factors and Volatility of Commodity Prices

The Company's future profitability and long-term viability will depend, in large part, on the global market price of minerals produced and their marketability. The marketability of mineralized material,

which may be acquired or discovered by the Company, will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations in the prices of minerals sought, which are highly volatile, inflation, consumption patterns, speculative activities, international political and economic trends, currency exchange fluctuations, interest rates, production costs and rates of production. The effect of these factors cannot be accurately predicted, but may result in the Company not receiving an adequate return on invested capital. Prices of certain minerals have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the control of the Company. Future mineral prices cannot be accurately predicted. A severe decline in the price of a mineral being produced or expected to be produced by the Company would have a material adverse effect on the Company, and could result in the suspension of mining operations by the Company.

Cyclical Industry

The market for potash tends to move in cycles. Periods of high demand, increasing profits and high capacity utilization lead to new plant investment and increased production. This growth increases supply until the market is over-saturated, leading to declining prices and declining capacity utilization until the cycle repeats. This cyclicity in prices can result in supply/demand imbalances and pressures on potash prices and profit margins, which may impact the Company's financial results, and common share prices. The potash industry is dependent on conditions in the economy generally and the agriculture sector. The agricultural sector can be affected by adverse weather conditions, cost of inputs, commodity prices, animal diseases, the availability of government support programs and other uncertainties that may affect sales of fertilizer products.

Exchange Rate Fluctuations

Exchange rate fluctuations may adversely affect the Company's financial position and results. The Company's financial results are reported in Canadian dollars and its costs are incurred primarily in Canadian dollars and Brazilian Reals. The appreciation of the Brazilian real against the Canadian dollar could increase the actual capital and operating costs of the Company's mineral exploration projects and materially adversely affects the results presented in the Company's financial statements. Currency exchange fluctuations may also materially adversely affect the Company's future cash flow from operations, its results of operations, financial condition and prospects. The Company does not currently have in place a policy for hedging against foreign currency risks. The Company manages foreign currency risk by regularly reviewing the balances held in currencies other than the functional currency.

Dependence on Key Executives and Technical Personnel

The Company is currently dependent on the services of a relatively small management team. Locating mineral deposits and successfully bringing them into production in Brazil depends on a number of factors, not the least of which is the technical skill of the personnel involved. Due to the relatively small size of the Company, the loss of members of the management team or the Company's inability to attract and retain additional highly skilled employees may materially adversely affect its business and future operations. The Company does not currently carry any "key man" life insurance on any of its executives. The non-executive directors of the Company devote only part of their time to the affairs of the Company.

Lack of Hedging Policy

The Company does not have a resource hedging policy and has no present intention to establish one. Accordingly, the Company has no protection from declines in mineral prices. The Company will explore the merits of hedging foreign currency reserves against foreign currency exchange rate fluctuations.

No History of Earnings

The Company has no history of earnings, and there is no assurance that any of the properties it now or may hereafter acquire or obtain an interest in will generate earnings, operate profitably, or provide a return on investment in the future. The Company has not generated operating revenue since incorporation. Management anticipates that the Company will experience net losses as a result of ongoing exploration and general corporate and administrative costs and expenses until such time as revenue-generating activity is commenced.

Dilution

The Company currently has 37,617,430 Ordinary Shares outstanding and 40,470,431 on a fully diluted basis. The Company currently has 2,853,001 stock options outstanding and does not have any outstanding warrants. To the extent the Company should, in future, issue any additional warrants, additional options, convertible securities or other similar rights, the holders of such securities will have the opportunity to profit from a rise in the market price of the Ordinary Shares with a resulting dilution in the equity interest of any persons who become holders of Ordinary Shares. The Company's ability to obtain additional financing during the period such rights are outstanding may be adversely affected and the existence of the rights may have an adverse effect on the price of the Ordinary Shares. The holders of warrants, options and other rights may exercise such securities at a time when the Company would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding rights.

In some circumstances, the increase in the number of Ordinary Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of the Ordinary Shares. In addition, as a result of such additional Ordinary Shares, the voting power of the Company's existing shareholders may be diluted. See "*Description of Capital Structure*".

Officers and Directors of the Company Own a Significant Number of Ordinary Shares and Can Exercise Significant Influence

The officers and directors of the Company, as a group, beneficially own, on a non-diluted basis, approximately 7.6% of the outstanding Ordinary Shares. The officers and directors, as shareholders, will be able to exert significant influence on matters requiring approval by shareholders, including the election of directors and the approval of any significant corporate transactions.

Future Sales of Ordinary Shares by Existing Shareholders

Sales of a large number of Ordinary Shares in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair the Company's ability to raise capital through future sales of Ordinary Shares.

Conflicts of Interest

Directors of the Company are or may become directors of other reporting companies or have significant shareholdings in other mining companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or

management, may have a conflict. The directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time.

The Cerrado Verde Project is Managed by a Subsidiary

The material operating subsidiary for the Cerrado Verde Project is Verde Fertilizantes. The manager (“*administrador*”) of Verde Fertilizantes is identical to the officer and director of the Company. Despite the controls that the Company has put in place, there may be risks associated with ensuring that the corporate actions of Verde Fertilizantes reflect the decisions of the Board of Directors and management of the Company.

DIVIDENDS

Dividend Policy

The Company has neither declared nor paid any dividends on its Ordinary Shares since the date of its incorporation. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Ordinary Shares in the foreseeable future. The actual timing, payment and amount of any dividends declared and paid by the Company will be determined by and at the sole discretion of the Board of Directors from time to time based upon, among other factors, the cash flow, results of operations and financial condition of the Company, the need for funds to finance ongoing operations and exploration and such other considerations as the Board of Directors in its discretion may consider or deem relevant.

DESCRIPTION OF CAPITAL STRUCTURE

Ordinary Shares

As at the date of this AIF, the Company has 37,617,430 Ordinary Shares of \$0.3918 each, issued and outstanding. The maximum amount of Ordinary Shares that the Company may allot is \$195,900,000, divided into 500,000,000 Ordinary Shares of \$0.3918 each.

The Company is an English public limited company and is therefore subject to a number of restrictions when issuing shares.

The Articles of Association of the Company and the U.K. Companies Act contain restrictions on the maximum amount of shares that the Company may allot, the authority of the Board of Directors to allot and issue new shares and whether rights of pre-emption will apply to the issue of new shares.

Articles of Association

The Articles of Association of the Company contain provisions as described below.

Voting Rights

At general meetings of the Company, subject to any rights attached to any shares, on a show of hands, every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share held by him.

Alteration of Capital

The Company may by ordinary resolution and subject to the provisions of the U.K. Companies Act:

- A. increase its share capital as the resolution shall prescribe;
- B. consolidate and divide all or any of its shares into share capital of larger amount than its existing shares;
- C. sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division; and
- D. cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way subject to the provisions of the U.K. Companies Act.

Dividends and Other Distributions

Subject to the provisions of the U.K. Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board of Directors.

Subject to the provisions of the U.K. Companies Act, the Board of Directors may pay interim dividends if it appears that they are justified by the profits of the Company available for distribution.

All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

The Board of Directors may, if authorized by ordinary resolution, offer any holders of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole or any part of all or any dividends. Where any difficulty arises in regard to the distribution, the Board of Directors may settle the same as it thinks fit and, in particular, may fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of the members and may vest any assets in trustees.

Distribution of Assets on Liquidation

With the sanction of a special resolution of the Company and any other sanction required by the U.K. Insolvency Act 1986, on a winding-up of the Company the surplus assets available for distribution shall be divided among the holders of shares in the Company as determined by the liquidator.

Restrictions on Shares

If the Board of Directors is satisfied that any member, or any other person appearing to be interested in shares held by such member has been duly served with a notice under Section 793 of the U.K. Companies Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, the Board of Directors may in its absolute discretion serve on such member or on any such person a notice (a “**direction notice**”) in respect of the

shares in relation to which the default occurred (“**default shares**”) directing that a member shall not be entitled to vote at any general meeting or any other meeting of the Company.

Where default shares represent at least 0.25% of the class of shares concerned the direction notice may in addition direct that, except in a liquidation of the Company, any dividend (including shares issued in lieu of a dividend) which would otherwise be payable on such shares shall be retained by the Company without liability to pay interest and no transfer of any of the shares held by the member shall be registered unless the member is not in default and provides a certificate or transfer, in such form as the Board of Directors may in its absolute discretion require to the effect that after due and careful enquiry the member is satisfied that no person interested in the shares subject to transfer is in default or the transfer is by way of sale to a bona fide unconnected third party, or by the acceptance of a take-over offer as defined in Section 974 of the U.K. Companies Act, or through a sale through a recognised investment exchange as defined in the U.K. Financial Services and Markets Act 2000 or any other stock exchange outside the United Kingdom on which the Company’s shares are normally traded. The prescribed period referred to above means 14 days from the date of service of the notice under Section 793 where the default shares represent at least 0.25% of the issued shares of the class of shares concerned and 28 days in all other cases.

COMPARISON OF FOREIGN LAWS

Ontario vs. English Corporate Law

The Company is incorporated under the U.K. Companies Act. Set out below is a summary of some of the shareholder rights and remedies found under Ontario and English corporate law, respectively. The following summary is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only and should not be construed as legal advice. Investors should consult with their own legal adviser if they require further information.

	Business Corporations Act (Ontario)	Companies Act 2006 (England)
Share Capital	Under the Business Corporations Act (Ontario) (the “ OBCA ”) articles specify share capital. Typically a corporation is authorized to issue an unlimited number of common shares.	Under the Companies Act 2006 (the “ Act ”), a company (and for the purposes of this section, all references to “company” are deemed to be references to a public company incorporated in England) may specify in its by-laws (which are more commonly known in England as its articles of association) a maximum number of shares which the directors are permitted to issue. If the articles of association are silent in this regard, then the directors must be given the authority to issue such shares by an ordinary resolution (as defined below) of the shareholders.

	Business Corporations Act (Ontario)	Companies Act 2006 (England)
Voting Rights	Under the OBCA and typical articles, each common share of a corporation entitles the holder to one vote at a meeting of shareholders. Unless the by-laws or applicable stock exchange rules provide otherwise, voting at a meeting of shareholders is generally conducted by show of hands, except where a ballot is demanded. Any shareholder or proxy holder entitled to vote at the meeting may demand a ballot either before or after any vote by show of hands.	Voting rights may be specified in a company's articles of association. Generally, a holder of ordinary shares has the right to vote at a general meeting of the company and on a vote by a show of hands is entitled to a single vote. In circumstances where a poll is called, each shareholder has one vote for every share he or she owns. The following have the right to demand a poll vote: (a) not less than five shareholders having a right to vote on a resolution; (b) shareholders representing not less than 10% of the total voting rights of all shareholders having the right to vote on a resolution; or (c) shareholders holding shares in the company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right, have the right to demand a poll vote.
Quorum of Shareholders	Typical by-laws provide that the presence of two persons present in person, each being a shareholder entitled to vote or a duly appointed proxy or proxy holder for an absent shareholder so entitled, holding or representing in the aggregate not less than a specified percentage of the issued shares of the corporation with voting rights at such meeting will constitute quorum for the transaction of business at the meeting of shareholders.	The Act and typical articles of association require the presence of two shareholders entitled to vote, (in person or by a duly appointed proxy) to form a quorum at a general meeting of the company.
Notice of Shareholders Meetings	Under the OBCA, notice of a general meeting of a corporation's shareholders must be given to the shareholders entitled to vote (and the directors and auditors) at least 21 days (but not more than 50 days) before the date of the meeting.	Under the Act, notice of an annual general meeting of a company must be given to the shareholders who are entitled to vote (and the directors and auditors) at least 21 "clear" days (i.e., excluding the day the notice is served and the day the meeting is held) prior to the date of the meeting. In the case of any other general meeting, notice must be given to shareholders at least 21 clear days prior to the meeting, although this can be reduced to 14 clear days' notice if the articles of association expressly permit this and, in the case of traded public companies, if certain other conditions are satisfied.

	Business Corporations Act (Ontario)	Companies Act 2006 (England)
Annual General Meeting	Under the OBCA, the annual meeting of the corporation must be called by the directors not later than 15 months after holding the last preceding annual meeting.	Under the Act, directors are required to call an annual general meeting of a company within six months following its accounting reference date.
Calling Meetings	Under the OBCA, the board of directors of a corporation may call a special meeting of shareholders at any time. The OBCA further provides that the holders of not less than 5% of the issued shares of a corporation that carry the right to vote at a meeting may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition.	Under the Act, the board of directors of a company may call a general meeting of shareholders at any time. The Act further provides that the holders of not less than 5% of the issued and paid-up shares of a company that carry the right to vote at a general meeting may request that the directors to call a general meeting.
Shareholder Proposed Resolutions	The OBCA entitles a shareholder to submit to a corporation notice of any matter that the person proposes to raise at the meeting (“Proposal”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. If a corporation receives notice of a Proposal and is soliciting proxies, it would then be required to set out the Proposal in its management proxy circular (and, if requested by the person submitting the Proposal, include or attach the Proposal and a statement in support of the Proposal not exceeding 500 words in the aggregate). However, a Proposal for the nomination for the election of directors is required to be signed by the holders of at least 5% of the outstanding shares entitled to vote at such meeting.	Under the Act, shareholders can propose resolutions at a general meeting convened by them in accordance with the above section. In addition, a company is required to circulate with the notice of a general meeting, a statement of not more than 1,000 words with respect to a matter referred to in a proposed resolution to be dealt with at that meeting after receiving a request to do so from a shareholder or shareholders representing at least 5% of the total voting rights of all shareholders who have a right to vote or at least 100 shareholders who have a right to vote and who hold shares in the company in respect of which there has been paid an average sum, per shareholder, of at least GBP£100.
Passing Resolutions at a General Meeting	Under the OBCA, a resolution at a general meeting of a corporation’s shareholders is to be passed by a simple majority of votes cast by the shareholders entitled to vote on the resolution.	Under the Act, an ordinary resolution proposed at a general meeting is passed on a simple majority of votes cast in favour by the shareholders present, either in person or by proxy, who are entitled to vote on the resolution.
Special Resolutions	Under the OBCA, a special resolution must be passed by a majority of not less than two-thirds of the votes cast by the shareholders entitled to vote on the resolution. Approval by special resolution of the shareholders is required for such actions as: <ul style="list-style-type: none"> • amending a corporation’s articles; • changing a corporation’s name; • increasing or reducing stated capital, if 	Under the Act, a special resolution is passed by not less than 75% of the votes cast. Approval by special resolution of the shareholders is required for such actions as: <ul style="list-style-type: none"> • amending a company’s articles; • changing a company’s name; • reducing a company’s capital; or • winding-up a company.

	Business Corporations Act (Ontario)	Companies Act 2006 (England)
	<p>the corporation's stated capital is stated in its articles;</p> <ul style="list-style-type: none"> • undertaking a voluntary liquidation and dissolution; • amalgamating with another arm's length corporation; • continuing under the laws of another jurisdiction; and • undertaking the sale, lease or exchange of all or substantially all of the property of the corporation other than in the ordinary course of business. 	
Relief from Oppression	<p>The OBCA provides that a corporation's shareholder or the Ontario Securities Commission may apply to a court for an order directing an investigation to be made of the corporation and any of its affiliated corporations. For the court to make such an order of investigation, among other requirements, it must appear to the court that the business of the corporation or any of its affiliates has been carried on with intent to defraud a person or that powers of the directors were exercised in a manner that was oppressive or unfairly prejudicial to the interests of a shareholder. No person may publish anything relating to the application for investigation except with the authorization of the court or the written consent of the corporation being investigated. In addition, a "complainant" (as that term is defined under the OBCA, which includes shareholders, former shareholders, directors and officers, former directors and officers, and any other persons who, in the discretion of the court, are proper persons to bring an action) who complains that:</p> <ul style="list-style-type: none"> • any act or omission of the corporation or any of its affiliates effects or threatens to effect a result; • the business or affairs of the corporation or any of its affiliates have been or are threatened to be carried on or conducted 	<p>Under the Act, a shareholder may apply to the court for an order that the company's affairs are being conducted in a manner that is unfairly prejudicial to its interests or the interests of some of the shareholders or the interests of all the shareholders generally, or that an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial. The court may make such order as it thinks fit, including an order:</p> <ul style="list-style-type: none"> • to regulate the company's affairs in the future; • to require the company to refrain from doing or continuing the act complained of, or to do an act that the shareholder has complained it has omitted to do; • to authorize civil proceedings to be brought in the name and on behalf of the company by such person or persons and on such terms as the court may direct; • to require the company not to make any, or any specified, alterations in its articles without the leave of the court; or • to provide for the purchase of the shares of any shareholder if the company by the other shareholders or by the

	Business Corporations Act (Ontario)	Companies Act 2006 (England)
	<p>in a manner; or</p> <ul style="list-style-type: none"> the power of the directors of the corporation or its affiliates have been or are threatened to be exercised in a manner; <p>that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder, creditor, director or officer, may apply to the court for an order to rectify the matters complained of. This remedy is known as the “oppression remedy”. The powers of the court under the OBCA in making an order are broad: it may make any order it thinks fit, from a simple order amending a corporation's by-laws to an order liquidating and dissolving the corporation.</p>	<p>company itself and, in the case of a purchase by the company itself, to authorize the reduction of the company’s capital accordingly.</p> <ul style="list-style-type: none"> In practice, the latter remedy is the most commonly given.
Inspection of Books	Under the OBCA, a shareholder or creditor of a corporation, their agent or legal representative may examine the corporate records (including the securities register, articles and by-laws, minutes of meetings and resolutions of shareholders) at the corporation’s registered office or such other place where such records are kept during the corporation’s usual business hours and may take extracts from those records, free of charge. If a corporation is an “offering corporation” (as defined in the OBCA), any other person may examine the corporation’s corporate records upon payment of a reasonable fee.	Under the Act, a company’s register of shareholders must be kept available for inspection at its registered office or such other place as it may specify in compliance with the Act. The register must be open to inspection by any shareholder of the company without charge and to any other person on payment of such fee as may be prescribed. If a person wishes to inspect or obtain a copy of the register, he or she must make a request to the company which must contain specified information including the purpose for which the information is to be used.
Derivative Action and Shareholder Class Action	Under the OBCA, representative shareholder actions or derivative actions are available to a corporation’s shareholders and other “complainants” (as defined under the OBCA to include shareholders, former shareholders, directors and officers, former directors and officers, the director appointed under the OBCA to carry out duties and exercise powers under the OBCA, and any other persons who, in the discretion of the court, are proper persons to bring an action). The OBCA, to a large extent, has supplemented the Canadian common law and equity rules on the availability of actions. In addition to allowing complainants to bring actions in the name and on behalf of a corporation or any of its	<p>A derivative action may be brought pursuant to the Act in respect of a cause of action arising from an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by a director of a company (for these purposes, a director includes a former director and a shadow director.) It is immaterial whether the cause of action arose before or after a person seeking to bring or continue the derivative claim become a shareholder of the company.</p> <p>The Act, to a large extent, has codified and supplemented the English common law position on derivative actions.</p> <p>A shareholder who brings a claim must request permission from the court to</p>

	Business Corporations Act (Ontario)	Companies Act 2006 (England)
	<p>subsidiaries, the statutory provisions of the OBCA also allow complainants to intervene in existing proceedings, either for prosecuting or defending it, or to bring about its discontinuation on behalf of the corporation. Whether seeking to bring an action or to intervene, certain substantive and procedural requirements must first be met, including the requirement that the court be satisfied that the complainant is acting in good faith and that it appears to be in the interests of the corporation or its subsidiary. To bring a derivative action, it is first necessary to obtain the leave of the court. The granting of leave is not automatic, but requires the court to exercise judicial discretion. The court may grant leave if:</p> <ul style="list-style-type: none"> • the complainant is acting in good faith; • the complainant has given notice to the directors of a corporation or its subsidiary of the complainant's intention to apply to the court not less than 14 days before bringing the application, or as otherwise ordered by the court, if the directors of the corporation or its subsidiary do not bring, diligently prosecute or defend or discontinue the action; and • it appears to the court that it is in the interests of the corporation or its subsidiary for the legal proceeding to be brought, prosecuted, defended or discontinued. <p>The court has broad powers to direct the conduct of any such legal proceeding.</p>	<p>continue such a claim. The court is required to consider the issue on the basis of the evidence filed by the shareholder and if the court finds that the evidence filed does not disclose a prima facie case for giving permission it must dismiss the application and make such consequential order as it considers appropriate.</p> <p>Permission must be refused if the court is satisfied that a person acting in accordance with the general duty to promote the success of the company would not continue the claim, or where the act or omission has been ratified or authorized by the company.</p> <p>The court must take into account the following additional factors in deciding whether to give permission:</p> <ul style="list-style-type: none"> • whether the shareholder is acting good faith in seeking to continue the claim; • whether the claimant could pursue the claim in his or her own right rather than on behalf of the company. <p>If the derivative action is successful, any damages are awarded to the company.</p>
Takeover Regulations	<p>Subject to certain exceptions, Part XX of the Securities Act (Ontario) (and Multilateral Instrument 62-104 in all other Canadian jurisdictions) requires any person or persons acting in concert to make a formal offer to all other security holders for their securities when they acquire, together with securities already owned, more than 20% of the outstanding securities of that class.</p>	<p>Public companies are subject to the UK Takeover Code.</p> <p>Rule 9 of the UK Takeover Code requires any person or persons acting in concert to make a general offer to all other shareholders for their shares in a company when either (i) they acquire an interest in shares carrying 30% or more of the voting rights of the company, or (ii) they already hold an interest in shares carrying between 30% and 50% of the voting rights of the</p>

	Business Corporations Act (Ontario)	Companies Act 2006 (England)
		company and acquire an interest in other shares which increases the percentage of the shares carrying voting rights in which they are interested.

Brazilian Corporate Law

The *Sociedade Limitada* (hereafter “**LLC**”), which is comparable to the limited liability company in Canada or the United States, is the most common form of company in Brazil. LLCs are governed by a *Contrato Social* (Articles of Association).

The authorized capital of an LLC consists of a fixed number of “*quotas*”, or shares, held by quotaholders or members, which can be increased at any time by the quotaholders. There are generally no minimum capital requirements for an LLC. Each share has a voting right attached to it, and voting rights can vary based on the value of each quota. LLCs in Brazil require a minimum of two quotaholders, either individuals or corporations, domiciled in Brazil or abroad.

LLCs do not have boards of directors. Instead, they are managed by one or more “*administrador*”, or manager, resident in Brazil and appointed by the quotaholders. The appointment of managers who are not quotaholders is subject to the approval of all quotaholders, where the capital stock is not fully paid, and of at least 2/3 of the quotas once the capital is fully paid up. The powers of the managers are set forth in the articles of association of LLC. Managers of LLCs can be removed by the quotaholders.

There must be at least one quotaholders’ meeting each year in order to approve the previous year’s financial reports. Quotaholders have the right to call a quotaholders’ meeting if the managers of the LLC unreasonably delay the calling of a meeting. Meetings of quotaholders are subject to the following procedures: the notice of meetings must be published a minimum of three times; there must be eight days between the first and second notices; and five days between subsequent notices. If all quotaholders attend the meeting or declare, in writing, to know the place, date, time and agenda of the meeting, the foregoing procedural requirements for the meeting can be waived. Also, if the LLC has less than 10 quotaholders, the notice requirement can be made by alternative means if permitted in the LLC’s articles of association.

Generally, quotaholder approval is obtained by receiving 50% plus one vote of the quotaholders attending to the meeting. Brazilian Law requires some decisions to be ratified by a qualified majority. The most common situations are: an alteration in the articles of association, a merger, an acquisition or a liquidation requires the approval of quotaholders representing 3/4 of the total capital; and the appointment of quotaholders as administrators, the removal of administrators, administrators’ salaries and the request for protection against creditors require the approval of quotaholders representing a majority of the capital.

Quotaholders have a right to inspect the minute books of the LLC at any time, unless the articles of association establish special procedures or time windows for the inspection.

As a general rule, dividends are distributed proportionally to each quotaholder based on their capital holdings. Articles of association may establish a non-proportional distribution of profits.

Quotaholders have a right to start a derivative action against an LLC for unfair treatment or oppression.

Upon dissolution, the LLC’s assets are subject to liquidation. Except in special circumstances, quotaholders do not have any personal liability for the LLC’s debt. In some exceptional cases, where fraud has been demonstrated, a court may order the piercing of the corporate veil. In these exceptional cases, the personal assets of quotaholders might be used to pay the LLC’s debts. In the event that there is

a positive balance as a result of the liquidation, the remaining assets of the LLC are distributed to the quotaholders.

Traditionally, limited liability companies in Brazil needed at least two members. In 2011, the Brazilian Civil Code was amended to allow the incorporation of companies with a single quotaholder, called the *Empresa Individual de Responsabilidade Limitada* (“EIRELI”). The National Department of Commercial Registration has taken the view that it will only allow an EIRELI where the single quotaholder is an individual and not a corporation.

MARKET FOR SECURITIES

Trading Price and Volume

The Company’s Ordinary Shares are currently listed for trading under the trading symbol “NPK” on the Toronto Stock Exchange (TSX). The following table lists the price ranges and volumes traded for such shares for each month during the year ended December 31, 2014.

Month	Low (\$)	High (\$)	Volume
January, 2014	0.44	0.95	107,000
February, 2014	0.34	1.09	258,500
March, 2014	0.93	2.00	210,600
April, 2014	1.25	1.84	70,100
May, 2014	0.84	1.35	57,100
June, 2014	0.81	1.04	24,400
July, 2014	0.76	1.03	24,000
August, 2014	0.72	0.84	23,900
September, 2014	0.56	0.75	16,100
October, 2014	0.36	0.70	25,100
November, 2014	0.45	0.64	19,500
December, 2014	0.39	0.60	40,900

Prior Sales

The Company did not issue any securities not listed or quoted on a marketplace during the year ended on December 31, 2014.

DIRECTORS AND OFFICERS

Names, Occupation and Security Holding

The following table and the notes thereto set out the name, province or state and country of residence of each director and executive officer of the Company, their current position and office with the Company, their principal occupation or employment during the last five years, and the date on which they were first elected or appointed a director of the Company.

Name, Place of Residence and Position Held Within the Company	Principal Occupation(s) During Last Five Years If Different from Office Held	Director Since
Cristiano Botelho Veloso Belo Horizonte, Brazil President, Chief Executive Officer and a Director	Mr. Veloso is the President and Chief Executive Officer of the Company. Mr. Veloso founded Verde Potash (as Amazon Mining) in 2005 and has since led its development.	August 2006
Getulio Lamartine de Paula Fonseca ⁽²⁾⁽³⁾ Brasília, Brazil Director	Mr. Fonseca is a senior economist with over 40 years of government and consulting experience in the Brazilian resource, electrical and power generation sectors. Since 1990, Mr. Fonseca has been employed by GL Consultoria Ltda. as a consultant to the Brazilian resource, electric and power generation industries. In that role, Mr. Fonseca has assisted businesses such as Bank of Montréal, Samarco Mineração S.A., Klabin S.A., Alcoa Inc., KLM Aerocarto B.V., Construtora Norberto Odebrecht S.A., Acesita S.A. and Dow Corning Corporation with major projects in Brazil.	June 2007
Renato Gomes ⁽¹⁾⁽²⁾⁽³⁾ Helsinki, Finland Director	Mr. Gomes is currently the President and CEO of Atlantica Mining Corporation, which operates iron ore projects in Brazil. He is a lawyer with international corporate, financial and mining experience, having worked at Gerson Bosen, Gambogi & Alkmim Advogados; the United Nations; Roschier Attorneys Ltd. and Georgetown University. Mr. Gomes is also a director of the ABCI Institute (Brazilian International Trade Scholars) and a member of the Bar in Brazil, Portugal and New York State, USA.	June 2009
Alysson Paulinelli ⁽¹⁾⁽²⁾ Belo Horizonte, Brazil Director	Mr. Paulinelli is the President of the Brazilian Association of Corn Producers. Mr. Paulinelli held positions such as the Brazilian Minister of Agriculture, President of the National Confederation of Agriculture, President of Minas Gerais State Bank, Congressman, Secretary of Agriculture for Minas Gerais State, and Professor and Dean of Lavras University. In 2006 he was awarded the World Food Prize.	January 2014
Antonio Schettino Belo Horizonte, Brazil Director	Mr. Schettino was the COO at MMX Mineração e Metálicos ("MMX"), where he was responsible for managing and expanding iron ore production facilities. Mr. Schettino has more than 30 years of experience in project development and construction, including more than two decades as the operations director of significant iron ore, nickel, limestone and coal mining operations in Brazil, Chile and Colombia.	June/July 2014

Name, Place of Residence and Position Held Within the Company	Principal Occupation(s) During Last Five Years If Different from Office Held	Director Since
Tim Slater Sutton, Surrey, U.K. Chief Financial Officer	Mr. Slater is the Managing Director of Harmer Slater Chartered Accountants in the United Kingdom, and has been involved in the preparation of all of the Company's financial statements and audit materials since 2007. Mr. Slater has acted as Finance Director for a range of companies in the UK including interim CFO of Rambler and Sunkar Resources.	n/a

Notes:

- (1) Member of the Corporate Governance and Nominating Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.

The Company's Articles of Association require one-third of the directors to retire at each annual meeting. A director retiring by rotation may offer himself for re-election to the Board of Directors. Notwithstanding the foregoing, the TSX requires that all directors of listed issuers be elected annually.

As of the date of this AIF, an aggregate of 2,842,684 Ordinary Shares were beneficially owned, or controlled or directed, directly or indirectly, by the current directors and executive officers of the Company as a group representing approximately 7.6% of the issued and outstanding Ordinary Shares on a non-diluted basis. The information as to Ordinary Shares beneficially owned, or controlled or directed, directly or indirectly, by the current directors and executive officers, not being within the knowledge of the Company, has been provided by the respective directors and executive officers and aggregated.

Management of Subsidiaries

The manager ("*administrador*") for the material subsidiaries of the Company, Verde Fertilizantes and FVS, is Cristiano Veloso. The director of Amazon Mining Limited ("**AML**") is Cristiano Veloso and the secretary is Tim Slater. Mr. Veloso's term as director of AML began in 2006. Mr. Slater's term as secretary of AML began in 2009.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the Company's knowledge, no current director or executive officer of the Company is, or has been within the ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order or similar order or an order that denied such company access to any exemptions under securities legislation, for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; (ii) was subject to a cease trade order or similar order or an order that denied such company access to any exemptions under securities legislation, for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the Company's knowledge, no director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, or has been within the ten years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the Company's knowledge, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court, or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. Pursuant to the U.K. Companies Act, directors who have an interest in a proposed transaction are required to disclose their interest and refrain from voting on the transaction. See also "Risk Factors – Conflicts of Interest".

LEGAL PROCEEDINGS

There are no legal proceedings that the Company is or was a party to, or that any of its property is or was the subject of, during the Company's financial year or currently contemplated that exceed 10% of the Company's current assets.

Brazilian labour law entitles a former employee to lodge within two years of leaving the company claims for alleged unpaid remuneration and compensation in the event of dismissal. The Company, whilst contesting each claim, notes that should a claim be successful future liability may arise.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Company is not aware of any transaction of any of the following persons or companies within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company: (i) a director or executive officer of the Company; (ii) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding common shares of the Company; and (iii) an associate or affiliate of any of the persons or companies referred to in (i) and (ii).

Readers should note that the Company's public disclosure documents for the three most recently completed financial years, which are available under the Company's profile on SEDAR at

www.sedar.com, including the management information circulars of the Company for the meetings of the Company's shareholders held in those years, provide information on various consulting and service agreements entered into by the Company with certain of its directors and officers or companies controlled by such persons. However, all such agreements were entered into in the ordinary course of business and were not then, and are not now, deemed to materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

The principal registrar and transfer agent of the Company is Capita Registrars, at its office in the town of Beckenham, United Kingdom. Equity Financial Trust Company, at its office in the City of Toronto, Canada, has been appointed to maintain the Company's Canadian branch register.

MATERIAL CONTRACTS

There have been no material contracts entered into by the Company within the last financial year or before the last financial year that are still in effect, other than contracts entered into in the ordinary course of business.

NAMES AND INTERESTS OF EXPERTS

The following is a list of the persons or companies named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by Verde Potash during, or relating to Verde Potash's most recently completed financial year and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

- The "qualified person" (as defined in NI 43-101) for the 2013 Technical Report report are Mr. Bradley Ackroyd of Andes Mining Services Ltd (AMS), Mr. Carlos Guzman of NCL Ingeniería y Construcción SpA (NCL) and Mr. Wilson Chow of AMEC plc (AMEC). The aforementioned firms or persons held less than one percent of the outstanding Ordinary Shares (or no Ordinary Shares) of the Company or an associate or affiliate of the Company when they prepared the 2013 Technical Report, or following the preparation of such report, and did not receive any direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation of such report. None of the aforementioned persons are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.
- BDO LLP is the current auditor of the Company. BDO LLP reports that it is independent of the Company as required by Ethical Standards published by the Auditing Practices Board, an operating body of the Financial Reporting Council in the United Kingdom. BDO LLP merged with PKF (UK) LLP on March 28, 2013. PKF (UK) LLP was first appointed as auditor of the Company on May 11, 2007.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The text of the Audit Committee's charter is set out as Schedule "B" to this AIF.

Composition of the Audit Committee

The members of the Audit Committee are Messrs. Renato Gomes, Alysso Paulinelli, and Getulio Fonseca. Mr. Gomes, Mr. Paulinelli, and Mr. Fonseca are all "financially literate" and all three members are "independent", as those terms are defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Relevant Education and Experience

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an audit committee member is as follows:

Renato Gomes, currently the President and CEO of Atlantica Mining Corporation, is a lawyer with international corporate, financial and mining experience, having worked at Gerson Bosen, Gambogi & Alkmim Advogados; the United Nations; Roschier Attorneys Ltd. and Georgetown University. Mr. Gomes holds an LL.B. (Faculdade de Direito da Universidade Federal de Minas Gerais, Brazil) and an LL.M. (London School of Economics, UK), and is a PhD. Candidate (Georgetown University, USA). He is a director of the ABCI Institute (Brazilian International Trade Scholars) and a researcher at Georgetown University, where his work focuses on the Brazilian government, its development agenda, and foreign investment. Mr. Gomes is a lawyer and a member of the Brazilian, Portuguese and New York State Bar Associations.

Alysso Paulinelli is the President of the Brazilian Association of Corn Producers. Mr. Paulinelli has a distinguished career devoted to the agricultural sector and government, having held positions such as the Brazilian Minister of Agriculture, President of the National Confederation of Agriculture, Congressman, Secretary of Agriculture for Minas Gerais State, President of Minas Gerais State Bank, and Professor and Dean of Lavras University. In 2006 he was awarded the World Food Prize. Having served twice as Secretary of Agriculture of Minas Gerais, between 1971-1974 and between 1991-1998, Mr. Paulinelli was instrumental in realizing the potential of the Cerrado to make Brazil one of the world's great breadbaskets. In 1974, Mr. Paulinelli was nominated Brazil's Minister of Agriculture. As Minister, he established the Brazilian Agricultural Research Corporation (EMBRAPA), the world's leading tropical agriculture research institution. Mr. Paulinelli also established the Cerrado Center (CPAC), which focuses on agricultural development in that region.

Getulio Fonseca is a senior economist with over 40 years of government and consulting experience in the Brazilian resource, electrical and power generation sectors, and served as Deputy Minister of the Environment (Brazil) in 1994. Since 1990, Mr. Fonseca has been employed by GL Consultoria Ltda as a consultant to the Brazilian resource, electric and power generation industries. In that role, Mr. Fonseca has assisted businesses such as Bank of Montréal, Samarco Mineração S.A., Klabin S.A., Alcoa Inc., KLM Aerocarto B.V., Construtora Norberto Odebrecht S.A., Acesita S.A. and Dow Corning Corporation with major projects in Brazil. From 1985 to 1990, Mr. Fonseca was the General Director of the National Department of Power and Water Supply (DNAEE) at the Brazilian Ministry of Mining and Power Supply, and from 1979 to 1984, was the Executive Secretary of the Industrial Development Council at the Brazilian Industry and Commerce Ministry. For various periods between 1972 and 1979, Mr. Fonseca was the Associate Secretary for the Minas Gerais State Industry, Commerce and Tourism Secretariat, and also served as the Co-ordinator of the Economic Advisory Team to the Minas Gerais State Finance

Secretariat. From 1971 to 1972, he was employed with the Minas Gerais state Industrial Development Institute, and the office of the Industry, Commerce and Tourism Superintendent. From 1966 to 1971, Mr. Fonseca held positions with Companhia Energetica de Minas Gerais S.A. (CEMIG).

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in section 2.4 or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board of Directors, and where applicable by the audit committee, on a case by case basis.

External Auditor Service Fees (By Category)

The aggregate fees charged to the Company by the external auditor BDO LLP for the financial years ended December 31, 2014, and December 31, 2013 are as follows:

Services	December 31, 2014 (\$)	December 31, 2013 (\$)
Audit Fees for the Year Ended	49,662	47,853
Audit-Related Fees	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees	1,242	Nil
Total Fees	50,904	47,853

Notes:

- (1) The term "Audit Fees" means the aggregate fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year.
- (2) The term "Audit-Related Fees" means the aggregate fees billed for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements for the subject year and are not reported under "Audit Fees".
- (3) "All Other Fees" includes a 2.5% support cost, on the total agreed upon fee, by the Company's external auditor.
- (4) Converted from Pounds Sterling to Canadian dollars using the average noon buying rate for Pounds Sterling reported by the Bank of Canada for the fiscal period ended December 31, 2014, being £1.00 = \$1.8071 (2013: \$1.6100).
- (5) BDO LLP merged with PKF (UK) LLP on March 28, 2013. PKF (UK) LLP was first appointed as auditor of the Company on May 11, 2007.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on the SEDAR website located at www.sedar.com.

Information regarding directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issuance pursuant to equity compensation plans is contained in the Company's management proxy information circular for the last annual general meeting of shareholders held on June 20, 2014.

Additional financial information is provided in the Company's audited financial statements and management discussion and analysis for the Company's most recently completed year-end.

SCHEDULE A
TABLE OF ABBREVIATIONS

Abbreviations	Description
"	inches
%	percent
°	degrees
°C	degrees centigrade
3D	tridimensional
AMS	Andes Mining Services
ANDA	Brazil's National Fertilizer Distributors Association
Ca	calcium
CAPEX	capital expenditure
CFEM	financial compensation for the exploitation of mineral resources
cfr	cost and freight
CIM	Canadian Institute of Mining
Cl	chlorine
cm	centimeter
CMEC	Consórcio Mineiro de Engenheiros Consultores Ltda
DC	diamond core drilling
DDH	diamond drill hole
DFS	Definitive Feasibility Study
DNPM	National Department of Mineral Production
DTM	digital terrain model
E	east
EIA	environmental impact study
EPAMIG	Empresa de Pesquisa Agropecuária de Minas Gerais
FOB	free on board
g/cm ³	grams per cubic centimeter
h	hour
h/Wk	hour per week
ha	hectare
ICMS	imposto sobre circulação de mercadorias e prestação de serviços
IDW2	inverse distance weighting with power two
IPD	Instituto de Promoção do Desenvolvimento
IRR	Internal rate of return
K	potassium
K ₂ O	potassium oxide
K ₂ SO ₄	potassium Sulfate

KCl	potassium chloride
kg	kilogram
km	kilometer
km ²	square kilometers
KNO ₃	potassium nitrate
kt	kilo tonnes
ktpy	kilo tonnes per year
L	liter
LI	Construction Permit
LOI	loss on ignition
LOM	life of mine
LP	Preliminary Permit
m	meter
m ³	cubic meters
MAPA	Brazilian Ministry of Agriculture
MDIC	Ministry of Development, Industry and Foreign Trade
Mg	magnesium
mm	millimeter
Mt	million tonnes
N	north
N	nitrogen
Na	sodium
NE	northeast
NPV	net present value
OK	ordinary kriging
PEA	Preliminary Economic Assessment
PFS	Pre-Feasibility Study
QA/QC	quality assurance/quality control
R	coefficient of correlation
R\$	brazilian reais
RC	rotary-percussion reverse circulation drilling
RL	relative level
RU	Ramp-up
S	south
s	second
Si	Silicon
t	tonnes
TAH	annual permit tax
TK	ThermoPotash
US\$	united states dollar
USA	United States of America

UTM	Universal Transverse Mercator coordinate system
W	west
WACC	weighted average cost of capital
WGS84	World Geodetic System 1984
XRF	X-ray fluorescence
Y	year

SCHEDULE B
AUDIT COMMITTEE CHARTER

VERDE POTASH PLC
(the “Company”)

VERDE POTASH PLC
Charter of the Audit Committee of the Board of Directors

1. PURPOSE

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of Verde Potash Plc. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee’s primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel
- review the quarterly and annual financial statements and management’s discussion and analysis of the Corporation’s financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation’s outside auditors (the “**Independent Auditors**”), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part III of this Charter.

2. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

3. COMPOSITION AND MEETINGS

- (a) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission (“OSC”), the Toronto Stock Exchange, the Business Corporations Act (Ontario), and all applicable securities regulatory authorities. Each member of the Committee shall be financially literate (as defined by the OSC).
- (b) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
- (c) Each member of the Committee shall be “independent” (as defined by the OSC) and shall be remunerated only in accordance with applicable laws and regulations.
- (d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.
- (e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- (f) If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- (g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours’ notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- (h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- (i) The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- (j) The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.

- (k) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- (l) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

4. RESPONSIBILITIES

A. Financial Accounting and Reporting Process and Internal Controls

- (i) The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with international generally accepted accounting principles (“GAAP”) and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- (ii) The Committee shall review management’s internal control report and the evaluation of such report by the Independent Auditors, together with management’s response.
- (iii) The Committee shall review management’s discussion and analysis relating to annual and interim financial statements and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities.
- (iv) The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.
- (v) The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
- (vi) The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management’s response and subsequent follow-up to any identified weaknesses.
- (vii) The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
- (viii) The Committee shall establish procedures for:
 - (A) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(B) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(ix) The Committee shall provide oversight to related party transactions entered into by the Corporation.

B. Independent Auditors

- (a) The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.
- (b) The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors.
- (c) The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
- (d) The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
- (e) The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit.
- (f) The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.
- (g) The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
- (h) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Corporation.

C. Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.